ROYAL COMMISSION ON COAL

Ottawa, Ont., Tuesday, October 23rd, 1945.

VOLUME LVII

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WITNESS - F. G. Neate.....Pages 5197 - 5345

EXHIBIT - No. 261. Report on the Activities of the Dominion Fuel Board Volume II.,,,,,,,,,,,, 5197

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THE ROYAL COMMISSION ON COAL

Ottawa, Ont.,
Tuesday, October 23rd, 1945.

The Commission met in the Court Room of the Board of Transport Commission, at Ottawa, Ont., on Tuesday, the 23rd day of October, 1945, at 10:00 o'clock A.M.

PRESENT:

Hon. Mr. Justice W. F. Carroll, Chairman.

Hon. Mr. Justice C. C. McLaurin, Commissioner.

Angus J. Morrison, Esquire, Commissioner.

J. J. Frawley, K.C., Commission Counsel.

R. D. Howland, Secretary.

MR. F. G. NEATE resumes the stand, and continues reading Exhibit 260, starting at page 61 - ASSISTANCE GRANTED BY GOVERNMENT TO THE COKE INDUSTRY.

The assistance granted by Government to the coke industry has been allowed under four different heads.

A. The Domestic Fuel Act, April 14, 1927.

B. Order in Council P.C. 944, April 26, 1932, as amended by P.C. 3637, May 1, 1942, with additional provision under P.C. 4348, May 22, 1942.

C. Orders in Council, P.C. 1400, June 14, 1930
P.C. 1303, May 30, 1931
P.C. 952, May 30, 1933
P.C. 1121, May 28, 1934
P.C. 894, April 9, 1936
P.C. 1862, Aug. 4, 1936.

D. Act 20-21, George V, May 30, 1930.

The group of Orders in Council under heading "C" were not specifically drawn to aid the coke industry but were designed to assist the movement of Canadian coal from the mines to consuming centres. Under these Orders, however, a substantial tonnage of coal has been moved under assistance and carbonized in coke plants.

A. DOMESTIC FUEL ACT

The Domestic Fuel Act, an Act designed to promote the use of coke made from Canadian coals in domestic heating, was

promulgated on 14th April, 1927. The period under which new operations could be initiated under benefit of the Act automatically expired 30th June, 1932.

This Act provided that assistance would be granted by Government towards the construction of coke oven plants, designed to produce a fuel suitable for domestic use. The assistance was to be granted, subject to approval of the location and construction of the plants by a competent authority, and was to take the form of an annual payment of four per cent or five per cent of the capital cost for a term of fifteen years; four per cent to any private individual and five per cent to any municipality or public corporation, provided that at least 70 per cent of the coal used in said plant was to be of Canadian origin. It was also provided that the net sum payable annually was not to exceed one dollar per net ton of the total amount of Canadian coal used in the production of coke sold for domestic use.

Under the terms of this Act, the following coke plants have been built or reconstructed and are now in operation.

1. Nova Scotia Light & Power Co. Ltd., Halifax.
2. Quebec Power Company, Quebec.
3. British Columbia Electric Power & Gas Co. Ltd., Vancouver.

1. NOVA SCOTIA LIGHT & POWER COMPANY LTD.

The contract between Government and the Nova Scotia Tramways & Power Co. Ltd. (N.B. later changed to Nova Scotia Light & Power Co. Ltd.) was signed on April 1, 1928. Operation of the works under the Act started from January 1, 1929. The total cost of construction has been $300,492.02 and the capacity of the plant is about 7,400 net tons of coke per annum.

Since that time the amount of Canadian coal used and the payments granted by Government have been as follows:

operations on 14th April, 1927. The period under which new operations could be initiated under benefits of the act was extended 30th June, 1928.

This act provides that assistance would be granted by Government towards the construction of a coke oven plant designed to produce a fuel suitable for domestic use. The assistance was to be granted, subject to approval of the design and construction of the plants by a competent authority, and was to take the form of an annual payment of four per cent or five per cent of the capital cost for a term of fifteen years; the per cent to any private individual and five per cent to any municipality or public corporation, provided that at least 70 per cent of the coal used in each plant was to be of Canadian origin. It was also provided that the net sum payable annually was not to exceed one dollar per net ton of the total amount of Canadian coal used in the production of coke and for consumption.

Under the terms of this Act, the following coke plants have been built or reconstructed and are now in operation:

1. Nova Scotia Light & Power Co. Ltd., Halifax.
2. Dominion Steel & Coal Co., Sydney.
3. British Columbia Electric Power & Gas Co. Ltd., Vancouver.

1. NOVA SCOTIA LIGHT & POWER COMPANY LTD.

The contract between Government and the Nova Scotia Tramways & Power Co. Ltd. (N.S.T. later changed to Nova Scotia Light & Power Co. Ltd.) was signed on April 1, 1926. Operation of the works began the last March (January 1, 1928). The total cost of construction has been $300,000.00 and the capacity of the plant is about 7,000 net tons of coke per month.

Since that time the amount of Dominion coal used and the payments granted by Government have been as follows:

	Net Tons of Canadian Coal used in Production of coke sold for domestic use.	Amount Paid
Year ended December 31, 1929	6,202.61	$ 6,202.61
" " " 31, 1930	5,050.00	5,050.00
" " " 31, 1931	9,474.93	9,059.00 x
" " March 31, 1933	10,317.93	10,317.93
" " " 31, 1934	7,579.89	7,579.89
" " " 31, 1935	8,345.37	8,345.37
" " " 31, 1936	7,408.50	7,408.50
" " " 31, 1937	7,622.82	7,622.82
" " " 31, 1938	7,603.66	7,603.66
" " " 31, 1939	6,802.11	6,802.11
" " " 31, 1940	6,748.39	6,748.39
" " " 31, 1941	8,789.26	8,789.26
" " " 31, 1942	8,687.55	8,687.55
" " " 31, 1943	8,426.40	8,426.40
" " " 31, 1944	10,969.88	8,837.79 x
Total:	120,029.30	$ 117,481.28

x Paid on 4% of the cost which amounted to less than $1.00 per ton.

2. QUEBEC POWER COMPANY

The Contract between Government and the Quebec Power Company Ltd. was signed on April 15, 1930. This contract involved the reconstruction of an existing gas plant to conform to the requirements of the Act. Operation of the works under the Act was started from July 1, 1930. The cost of the plant was $608,029.88 and the capacity is approximately 10,000 net tons of coke per annum.

The amount of Canadian coal used and payments made have been as follows:

	Net Tons of Canadian Coal used in production of coke sold for Domestic Use.	Amount Paid
Year ended June 30, 1931	10,542.56	$ 10,542.56
" " " 30, 1932	11,745.81	11,745.81
" " March 31, 1933	11,469.25	11,469.25
" " " 31, 1934	15,986.10	15,986.10
" " " 31, 1935	14,026.38	14,026.38
" " " 31, 1936	12,220.12	12,220.12
" " " 31, 1937	14,090.45	14,090.45
" " " 31, 1938	13,326.35	13,326.35
" " " 31, 1939	14,618.18	14,618.18
" " " 31, 1940	14,031.44	14,031.44
" " " 31, 1941	14,287.92	14,287.92
" " " 31, 1942	9,669.01	9,669.01
" " " 31, 1943	11,849.76	11,849.76
" " " 31, 1944	4,833.58	4,833.58
Total:	172,696.91	$172,696.91

F. S. Moore

	Net Tons of Canadian Coal used in production of coke sold for domestic use.	Amount Paid
Year ended December 31, 1929	6,202.61	$ 6,202.61
" " " 31, 1930	5,060.00	5,060.00
" " " 31, 1931	9,494.02	9,494.02
" " March 31, 1933	10,414.02	10,414.02
" " " 31, 1934	1,[illegible]	[illegible]
" " " 31, 1935	8,[illegible].27	[illegible]
" " " 31, 1936	7,[illegible].30	[illegible]
" " " 31, 1937	7,[illegible].02	[illegible]
" " " 31, 1938	7,002.00	7,002.00
" " " 31, 1939	6,[illegible].11	[illegible]
" " " 31, 1940	6,746.39	[illegible]
" " " 31, 1941	6,[illegible].46	[illegible]
" " " 31, 1942	6,[illegible].85	[illegible]
" " " 31, 1943	6,[illegible].40	[illegible]
" " " 31, 1944	10,[illegible].20	[illegible]
Totals:	120,029.20	$ 117,[illegible]

x Paid on 4% of the cost which exceeded to loss than $1.00 per ton.

8. QUEBEC POWER COMPANY

The contract between Government and the Quebec Power Company Ltd. was signed on April 16, 1930. This contract involved the reconstruction of an existing coke plant to conform to the requirements of the act. Operation of the works under the act was started from July 1, 1930. The cost of the plant was $602,029.60 and the capacity is approximately 10,000 net tons of coke per annum.

The amount of Canadian coal used and payments made have been as follows:

	Net Tons of Canadian Coal used in production of coke sold for Domestic use.	Amount Paid
Year ended June 30, 1931	10,[illegible].60	$ 10,[illegible]
" " " 30, 1932	11,[illegible].03	11,[illegible]
" " March 31, 1933	11,[illegible].[illegible]	11,[illegible]
" " " 31, 1934	15,[illegible].70	15,[illegible]
" " " 31, 1935	14,[illegible].[illegible]	14,[illegible]
" " " 31, 1936	15,[illegible].12	15,[illegible]
" " " 31, 1937	15,[illegible].[illegible]	15,[illegible]
" " " 31, 1938	13,[illegible].[illegible]	13,[illegible]
" " " 31, 1939	14,[illegible].[illegible]	14,[illegible]
" " " 31, 1940	14,[illegible].[illegible]	14,[illegible]
" " " 31, 1941	14,[illegible].[illegible]	14,[illegible]
" " " 31, 1942	9,[illegible].31	9,[illegible]
" " " 31, 1943	11,[illegible].[illegible]	11,[illegible]
" " " 31, 1944	[illegible]	[illegible]
Totals:	172,[illegible].31	$172,[illegible]

3. BRITISH COLUMBIA ELECTRIC POWER & GAS COMPANY

The Contract between Government and the British Columbia Power & Gas Company Ltd., was signed on June 30, 1932. Operation of the works under the Act was started from December 6, 1933. The cost of the plant was $1,832,881.82 and the capacity is approximately 36,000 net tons of coke per annum.

The amount of Canadian coal used and payments made have been as follows:

	Net Tons of Canadian Coal used in Production of Coke sold for Domestic Use	Amount Paid
Period December 6, 1933 to March 31, 1935	38,283.08	$ 38,283.08
Year ended March 31, 1936	34,186.15	34,186.15
" " " 31, 1937	38,018.60	38,018.60
" " " 31, 1938	32,154.74	32,154.74
" " " 31, 1939	31,150.87	31,150.87
" " " 31, 1940	30,967.23	30,967.23
" " " 31, 1941	29,935.82	29,935.82
" " " 31, 1942	41,400.00	41,400.00
" " " 31, 1943	33,008.56	33,008.56
" " " 31, 1944	32,830.49	32,830.49
Total:	341,935.54	$341,935.54

4. TOTAL ASSISTANCE UNDER DOMESTIC FUEL ACT

The total amount of Canadian coal used and the total sum paid as assistance under the Domestic Fuel Act to date, is as follows:

Payments by Calendar Years

Calendar Year in which Payments were made	Net Tons of Canadian Coal Used in Production of Coke sold for Domestic Use.	Total Payments
1930	6,202.61	$ 6,202.61
1931	15,592.56	15,592.56
1932	21,220.74	21,220.74
1933	21,787,18	21,787.18
1934	23,565.99	23,565.99
1935	60,654.83	60,654.83
1936	53,814.77	53,814.77
1937	59,731.87	59,731.87
1938	53,084.75	53,084.75
1939	52,571.16	52,571.16
1940	51,747.06	51,747.06
1941	53,013.00	53,013.00
1942	59,756.56	59,756.56
1943	53,284.72	53,284.72
1944	48,633.95	46,501.86
Total:	634,661.75	$ 632,113.73

Payments by Companies

	Net Tons of Canadian Coal used in production of Coke sold for Domestic Use	Amount Paid
Nova Scotia Light & Power	120,029.30	$117,481.28
Quebec Power	172,696.91	172,696.91
British Columbia Electric Power & Gas	341,935.54	341,935.54
Total:	634,661.75	$632,113.73

BY MR. FRAWLEY - Some of that assistance has not all been discontinued, I take it?

A. Nova Scotia is practically out, Quebec is out, and the British Columbia plant will run until 1947.

BY THE CHAIRMAN - The fact is they received everything they were to get under the Act?

A. It ran over a period of 15 years as from the date.

BY COMMISSIONER McLAURIN - LaSalle was never in?

A. LaSalle came in 1944 under The Domestic Fuel Act.

Q. Not what we are talking about, I say LaSalle was never in?

A. No.

MR. NEATE continues Brief

B. P.C. 944 (superseded by P.C. 3637 of May 1/42)

On April 26, 1932, an Order in Council, P.C. 944, was approved by His Excellency the Governor General. This Order provided assistance to the movement of Canadian coal used in the manufacture of coke and gas. The amount of assistance was to be the difference in laid down cost to the coke manufacturer between Canadian and imported coal, with a maximum amount of $1.00 per net ton under the regulations as set forward in the Order in Council. This assistance was payable to the coal mine operators. P.C. 3637 further provided that for coke and gas plants using Canadian coal during the fiscal year ending March 31, 1942, and on which assistance was paid under P.C. 944, the assistance payable from April 1, 1942, should not be less than that paid during the basic period September 15 to October 11, 1941, unless the differential

for the basic period could be reduced without endangering ceiling price on coke.

Four Companies only have taken advantage of this Order in Council:

1. The Montreal Coke & Manufacturing Company Ltd.
2. The Ottawa Gas Company Ltd.
3. Shawinigan Chemicals Ltd.
4. Winnipeg Electric Company.

The tonnage of Canadian coal moved under this Order and the assistance granted since the inception of this movement to the mining companies have been as follows:

1. Montreal Coke & Manufacturing Co. Ltd.

Calendar Year	Can. Coal Moved Net Tons	Amount Paid
1932	151,194.75	$ 151,194.75
1933	67,844.00	67,844.00
1934	188,278.45	188,278.45
1935	175,669.30	175,669.30
1936	163,427.40	163,427.40
1937	171,489.75	171,489.75
1938	171,222.15	171,222.15
1939	182,697.70	182,697.70
1940	179,928.75	175,928,75
1941	146,368.00	117,094.40
1942	30,951.75	30,951.75
1943	Nil	Nil
1944	Nil	Nil
Total:	1,629,072.00	$1,599,798.40

2. Ottawa Gas Company Ltd.

1932	879.40	$ 879.40
1933	4,112.24	4,112.24
Nil 1934 to 1944		
Total:	4,991.64	$ 4,991.64

3. Shawinigan Chemicals Ltd.

1939	9,296.49	9,296.49
1940	36,586.90	23,024.74
1941	4,825.10	2,653.81
1942	3,654.15	1,044.34
1943	Nil	Nil
1944	Nil	Nil
	54,362.64	$ 36,019.38

BY MR. FRAWLEY - In the case of the Ottawa Gas Company Ltd. it is just an even dollar a ton?

A. Yes.

Q. It is not that in the case of LaSalle?

A. No.

MR. NEATE continues Brief.

4. Winnipeg Electric Company

Calendar Year	Can. Coal Moved Net Tons	Amount Paid
1940	50,875.59	$31,486.88
1941	68,850.02	26,348.76
1942	71,246.73	21,096.90
1943	61,774.30	18,532.31
1944	36,473.26	10,941.97
Total:	289,219.90	$108,406.82

Total Assistance under P.C. 944 by Calendar Years

1932	152,074.15	$152,074.15
1933	71,956.24	71,956.24
1934	188,278.45	188,278.45
1935	175,669.30	175,669.30
1936	163,427.40	163,427.40
1937	171,489.75	171,489.75
1938	171,222.15	171,222.15
1939	191,994.19	191,994.19
1940	267,391.24	234,440.37
1941	220,043.12	146,096.97
1942	105,852.63	53,092.99
1943	61,774.30	18,532.31
1944	36,473.26	10,941.97
Total:	1,977,646.18	$1,749,216.24

C. OTHER ORDERS IN COUNCIL

Various Orders in Council have been passed extending assistance to coal moved from the Western coal mines to Winnipeg. Under these Orders in Council tonnages of slack coal have been moved from coal mines in the West to the Winnipeg Electric Company for carbonization in their coke ovens.

BY THE CHAIRMAN - If you don't mind Mr. Neate, I want to ask a question or two on that. Do you remember under the Act that the Companies profiting by the Act have to use 70 percent of Canadian coal under The Domestic Fuel Act. Was there some serious investigation as to the probability of being able to get sufficient of

that kind of coal to fill 70 percent of their requirements?

A. Yes, I think so, particularly in the East.

Q. I mean by men who understood the analyses of coal?

A. Yes, I think there was a competent investigation made as to the amount of suitable coal available for carbonization.

Q. That was my own recollection.

A. That was right.

Q. With the last two companies under the other Order in Council, P.C. 944, there was no such provision as that?

A. No.

Q. Was there any good reason for that difference, for the different treatment of those two?

A. Well the Order in Council was specifically designed to encourage and take care of the Montreal Coke Corporation. They had declined to participate in any way under The Domestic Fuel Act. They said we will use a quantity of Nova Scotia coal probably up to two hundred thousand tons if we can get it laid down at the plant at no additional cost to what our American coal would cost, and the Order in Council was designed in the first instance solely to encourage that plant to use Nova Scotia coal.

Q. And in addition to that they didn't pay any duty, they had a 99 percent drawback?

A. Yes, but they had no preferential treatment any different to what the Sault or Hamilton would have if used for metallurgical purposes. The only advantage was if they used "X" amount of Nova Scotia coal then the tariff item 1019 did give them that drawback.

Q. What was the amount they were required to use?

A. 35 percent.

Q. It is up to 40% or 42% now, is it not?

A. They have used over 35 percent. They have used I believe in excess of 40 percent.

Q. You know too that it was an American concern who started this thing, who were operators and users of coal also?

A. Not solely an American concern, a fifty-fifty between Montreal Heat & Light and Koppers Company.

Q. But the people who put up the money were an American concern who were very much interested in the production of coal?

A. I don't think I can subscribe to that for the simple reason that whether they were interested in the production of coal or not, they didn't supply coal to this plant.

Q. Well their mines did?

A. No Sir, not their mines.

Q. We had the evidence of Mr. Munro the other day who said now they were going out of the coal business gradually. I don't want to mention any names.

A. I think you will find on analyses that the greater proportion of American coal used at the LaSalle plant came from mines other than those used by the Koppers Company. I think you will find that.

Q. Talking about unfair Government assistance to the American trade in some cases, and I agree that it is in regard to the past. Don't you think that this was rather a discriminatory measure against Canadian coal?

A. To provide assistance?

Q. Not to provide assistance, but especially to give them a drawback. I mean to say if that was the policy of the Government to place a duty on imported coal excepting for, as you mentioned a moment ago, stell making.

A. I think probably that is beyond the scope of administration and I would prefer to leave that in obeyance.

Q. You were not only administering this Act, but I presume you had power of certain things, recommending payments, and so on. I am not finding fault with you Mr. Neate.

A. The only point there Sir is that in the administration, which was under the Fuel Board, the provision of the drawback or the remission of duty was a function which I had very little to do with. It was a policy of the Minister of Finance at that time. That is

the only reason why I would prefer not to discuss the reasons.

Q. It is Government policy?

A. Quite so.

BY MR. FRAWLEY - The policy behind the Order in Council P.C. 944 was to make up to the coke oven operator the difference in the two costs?

A. Yes.

Q. The cost of American coal and taking Canadian coal?

A. Up to $1.00 per ton.

Q. If he had been compelled to pay the duty, then is it not fair to say that you would have to have increased the aid under the Order in Council?

A. Right.

Q. It was spliting up the aid, as it were?

A. Yes, otherwise they would not have used the coal unless they were rendered sufficient assistance to purchase Nova Scotia coal.

Q. You said the Company took the position that they would only take Canadian coal if put into their coke ovens at the same cost?

A. Yes.

Q. Then you said you would give them assistance under P.C. 944 up to $1.00 per ton?

A. Yes.

Q. If in addition to that they had to pay the duty, the costs would still be unequalized?

A. Ues.

BY THE CHAIRMAN - You forget that Nova Scotia coal in Montreal was on a competitive basis with American coal.

BY MR. FRAWLEY - Then that gave them the drawback.

BY THE CHAIRMAN - Mr. Neate didn't want to be asked further questions about the policy of the Government.

BY MR. FRAWLEY - I thought you gave them this drawback so that their costs would be equalized. They said they would not otherwise take Canadian coal?

A. As I explained to the Chairman, P.C. 944 was designed to put

Nova Scotia coal into LaSalle coke plant. And in addition to the assistance provided under 944, they had a concession that if they used 35% Canadian coal they would be entitled to a 99% drawback. That was a subsequent arrangement between the Department of Finance, not with us.

Q. Can we say that the effect of 944 alone equalized the costs?

A. Yes.

Q. Then the drawback was certainly something quite separate and apart, and an additional concession?

A. It is quite possible that American coal increased in cost after 944 was promulgated, and they needed more assistance, and it may have been on that basis that they got the drawback.

BY THE CHAIRMAN - It may be on that basis.

BY MR. FRAWLEY - And it may not, so it is not right to say they needed both the effect of 944 and the drawback to equalize the cost.

A. Probably not until 1932.

BY THE CHAIRMAN - Do Winnipeg Electric also get the drawback from American coal?

A. There is no American coal used at the Winnipeg plant, but if they do get any, and when they did, they were entitled to the drawback.

Q. They don't use ery much of course?

A. No.

MR. NEATE continues Brief:

The amount of coal moved, and the assistance granted has been as follows:

Authority	Date	Amount Moved	Assistance Per Net Ton	Amount Paid
P.C. 1400	June 14, 1930	1,000.75	$1.09	$ 1,090.82
P.C. 1303	May 30, 1931	50,819.56	1.24 & 1.20	62,027.44
P.C. 952	May 30, 1933	45,299.20	1.20	54,359.00
P.C. 1121	May 28, 1934	106,543.81	.70	74,581.32
P.C. 894	April 9, 1936	167,881.03	.52	87,297.93
	Total:	371,544.35		$279,356.51

BY COMMISSIONER MORRISON - What years?

A. The years 1930, 1931, 1933, 1934 and 1936.

Q. Seven years?

A. Yes.

MR. NEATE continues Brief

In 1936 and 1937 a tonnage of Nova Scotia coal was moved to the Plant of the Hamilton By-Product Coke Ovens Ltd. for carbonization. This was moved under the rates of assistance provided in Order in Council P.C. 1862 on coal moving into Ontario.

The amount of coal moved and the assistance granted was as follows:

Year	Authority	Movement Net Tons	Amount Paid
1936	P.C. 1862	14,622.90	$18,132.40
1937	P.C. 1862	5,537.28	6,866.23
1938 Nil to end of 1944			
	Total:	20,160.18	$24,998.63

TOTAL ASSISTANCE

The total assistance granted by Government to the Coke Industry under -

A. The Domestic Fuel Act
B. P.C. 944
C. Other Orders in Council

by calendar years has been as follows:

Calendar Year	Net Tons of Canadian Coal	Amount Paid
1930	7,203.36	$ 7,293.43
1931	31,206.27	34,953.50
1932	195,416.44	199,844.32
1933	129,640.70	136,820.17
1934	264,403.96	259.879.37
1935	288,544.23	272,878.50
1936	282,612.24	266,128.35
1937	263,119.17	251,795.25
1938	280,246.49	253,395.34
1939	301,475.85	274,158.52
1940	321,312.21	287,317.98
1941	273,056.12	199,109.97
1942	165,609.19	112,849.55
1943	115,059.02	71,817.03
1944	85,107.21	57,443.83
Total:	3,004,012.46	$2,685,685.11

This is equivalent to an average net cost of 89 cents per net ton of Canadian coal.

D. COKE BOUNTIES ACT (20-21 GEORGE V)

This Act, assented to May 30th, 1930, was provided

to assist the iron and steel manufacturers who were using Canadian coal.

Under Tariff Item 1019, a drawback of 99% is given on all imported coal when converted into coke for use in the smelting of metals from ores and in the melting of metal. Representations made to the Duncan Commission on Maritime Claims indicated that the Nova Scotia steel industry which used Canadian coal did not enjoy the protection afforded by this drawback to those steel industries using imported coal. The Commission recommended in its report: "That a bonus be given when Canadian coal is used in the manufacture of steel and such bonus be calculated on the present drawback for every ton of Canadian coal so used."

This recommendation was implemented in the 1930 Session of Parliament by the above mentioned Act 20-21 George V. Section 1 reads as follows:

> "So long as the provisions of tariff item number one thousand and nineteen in Schedule B to the Customs Tariff remain in full effect, the Governor in Council may authorize the payment out of the Consolidated Revenue Fund to manufacture of iron and steel, of forty-nine and one-half cents per ton of bituminous coal mined in Canada and converted into coke by a proprietor of coke ovens at his coke ovens in Canada, and used by such manufacturers in the smelting in Canada of iron from ore or in the manufacture in Canada of steel ingots or steel castings. No such payment shall be made more than once in respect of any coal do used."

This bounty was fixed at an amount equal to 99% of the 50 cents per ton duty on bituminous coal then in effect under the general tariff.

The Act was not amended when the general tariff on bituminous coal was increased to 75 cents per ton on June 2nd, 1931. Since this duty increase was made effective, the bounty has not been equivalent to the drawbacks under tariff item 1019.

Payments under this Act have been as follows:

Fiscal Year	Approximate Net Tons of Coal	Amount Paid
1930-1931	273,148	$ 135,209.23
1931-1932	126,356	62,546.18
1932-1933	118,783	58,797.54
1933-1934	213,841	105,851.40
1934-1935	336,849	166,740.20
1935-1936	390,168	193,133.12
1936-1937	564,695	279,523.96
1937-1938	583,817	288,989.41
1938-1939	369,434	182,869.80
1939-1940	605,909	299,924.93
1940-1941	776,969	384,599.64
1941-1942	765,775	379,058.59
1942-1943	766,144	379,241.26
1943-1944	646,875	320,203.10
1944-1945	709,071	351,000.04
Total:	7,247,834	$3,587,688.40

BY COMMISSIONER MORRISON - Have you a breakdown of where that went?

A. Annually?

Q. Yes?

A. Yes, I have the annual figures, but the payment was made to the Dominion Steel & Coal Corporation, the one corporation.

Q. Only the one?

A. Yes.

BY COMMISSIONER McLAURIN - That is the only one that qualified.

A. Yes, the only one that qualified.

MR. NEATE continues Brief

When the assistance granted under Act 20-21, George V, is added to the total, the grand total of Canadian coal granted assistance is 10,251,846 net tons and the amount paid is $6,273,373.51.

COAL CONSUMPTION IN CANACA

From the following table of coal consumption it will be seen that over the period 1913 to 1944 considerable variation has occurred not only in production but also in imports and exports.

Canada's Coal Balance Sheet

(In Millions of Short Tons)

Year	Production	Exports	Imports Bituminous	Imports Anthracite	Consumption
1913	15.0	1.6	13.6	4.6	31.6
1914	13.6	1.4	10.3	4.6	27.1
1915	13.3	1.8	8.4	4.1	24.0
1916	14.5	2.1	13.0	4.6	30.0
1917	14.0	1.7	15.5	5.3	33.1
1918	15.0	1.8	16.9	4.8	34.9
1919	13.9	2.1	12.4	5.0	29.2
1920	16.9	2.6	13.7	4.9	32.9
1921	15.1	2.0	13.5	4.6	31.2
1922	15.2	1.8	11.6	2.7	27.7
1923	17.0	1.7	17.5	5.2	38.0
1924	13.6	.8	12.6	4.2	29.6
1925	13.1	.8	13.0	318	29.1
1926	16.5	1.0	13.8	4.2	33.5
1927	17.4	1.1	15.2	4.1	35.6
1928	17.6	.7	14.0	3.7	34.6
1929	17.5	.8	14.6	4.0	35.3
1930	14.9	.6	13.4	4.3	32.0
1931	12.2	.4	10.4	3.2	25.4
1932	11.7	.3	8.5	3.1	23.0
1933	11.9	.3	8.5	3.0	23.1
1934	13.8	.3	10.3	3.5	27.3
1935	18.9	.4	9.6	3.5	31.6
1936	15.2	.4	10.2	3.5	28.5
1937	15.8	.4	12.2	3.6	31.2
1938	14.3	.4	9.6	3.7	27.2
1939	15.7	.4	9.9	4.0	29.2
1940	17.6	.5	13.6	3.8	34.5
1941	18.2	.5	17.9	3.9	39.5
1942	18.9	.8	20.8	4.8	43.7
1943	17.8	1.1	24.3	4.5	45.5
1944	17.0	1.0	24.5	4.4	44.9

BY MR. NEATE - The tabulation which I have given here will show a production variation of over seven million tons, an export variation of over two million tons, a variation in bituminous coal imports of sixteen million tons, of anthracite two million and six; and consumption varied over that period twenty-two and a half million tons annually. I thought probably it would be well to give that variable usage of coal.

PRODUCTION

During these years production has fluctuated from a high of 18.9 million tons in 1942 to an all time low of 11.7 million tons in 1932, a variation of 7.2 million tons. Reviewing these figures in the light of employment and wages we find that:

	1932	1942
Total wage earners	29,960	26,194
Salaries and wages	$25,043,769	$42,091,137
Days worked	177	272

BY COMMISSIONER McLAURIN - Where is the source of that information?

A. The Bureau of Statistics and our own records, Mr. Commissioner.

Q. Is it compiled by yourself?

A. Yes. I compiled this table myself as a comparison.

Q. Where do you get Total Wage Earners?

A. Dominion Bureau of Statistics.

Q. And Salaries?

A. Yes.

Q. And the days worked?

A. Same source.

Q. Your source is Dominion Bureau of Statistics?

A. Yes.

Q. And not your own records?

A. No, it is an official source.

BY COMMISSIONER MORRISON - How do you weight the days worked?

A. The number of days worked as reported by the many operators of the Bureau who compile annually that figure.

Q. I have had some experience with those figures?

A. I quite understand that.

Q. You say Days worked 177 in 1932?

A. Yes.

Q. We had some mines in 1932 that worked less than 100 days, and others worked over 200.

A. I took the Bureau of Statistics weighted figure.

MR. NEATE continues Brief

EXPORTS

During 1920 our exports of coal reached a total of 2,558,000 net tons, the highest on record, this tonnage was reduced to the 300,000 ton mark in the early thirties. It will be noted that the high ahd low export figures correspond very

closely to the high and low import and consumption tonnages during the same period.

BY THE CHAIRMAN - What do you include in the export markets where this 2,558,000 net tons went?

A. The exports would include the movement of Nova Scotia coal to Maine, movement of Western coals into the inland empire of the West, Seattle and Spokane.

Q. Would it include Newfoundland exports?

A. Yes.

BY COMMISSIONER McLAURIN - That would be the biggest item?

A. Probably on a normal curve. During the war we have had emergent exports.

BY THE CHAIRMAN - Do you think we exported much in 1920 to the State of Maine?

A. In 1920 it amounted to 2.6 million tons, which was the highest on record.

BY COMMISSIONER McLAURIN - 2.5-5/8 we have here.

A. I am using the closest decimal. A breakdown of where it went can readily be arrived at from our working tables.

BY THE CHAIRMAN - The only thing I am interested in would be exports to the United States, the breakdown of that.

A. At that time the Great Northern Railway received considerable coal prior to their going onto oil. We had a rather attractive export market there.

BY MR. FRAWLEY - Perhaps you can give us a breakdown of that 2.6?

A. Yes, or any other year.

BY THE CHAIRMAN - I would like to have the difference between the trade to Newfoundland, the coal trade to Newfoundland between 1930, or say 1925 and 1939.

A. We had rather severe competition from British sources in meeting the railway coal requirements of Newfoundland during that period, and of course we have the Pulp & Paper Company at Cornerbrook. They are American coal users. Considerable coal other than Canadian has been used in Newfoundland.

BY THE CHAIRMAN - I know that.

BY COMMISSIONER McLAURIN - Mr. McLanders' Brief gave us the history about that market.

BY THE CHAIRMAN - The market for Canadian coals in Newfoundland fell off very very sharply between 1926 and 1939.

A. That is correct, and Mr. O'Brien advises me that the High Commissioner for Newfoundland has been asked to supply full statistical data of imports from 1913 on, so that will be available to the Commission.

MR. NEATE continues Brief

Imports - Anthracite

Disregarding the strike year of 1922 in the United States, imports of anthracite into Canada have varied from the 3.0 ton mark during 1933 to 5.3 million tons during 1917. Prior to 1921 the United States supplied us with practically 100% of our anthracite requirements but in 1933 this dependency had been reduced to 47.1% with Great Britain supplying the balance of 52.9%. In recent years, due to conditions brought about by the war, the United States are again supplying this country with practically all our anthracite requirements. The following table will show the countries from which Canada received anthracite coal since 1920:

ANTHRACITE IMPORTS
CANADA
1921-1944
By Calendar Years
(Net Tons)

Year	United States	Great Britain	Germany	Nether-lands	Belgium
1921	4,567,370	-	-	-	-
1922	2,514,249 93.00%	179,708 7.00%	-	-	-
1923	4,906,222 95.00%	261,659 5.00%	-	-	-
1924	3,908,317 93.00%	275,277 7.00%	-	-	-
1925	3,249,497 86.00%	549,247 14.00%	-	-	-
1926	3,883,242 92.00%	272,170 6.00%	49,718 1.00%	37,802 1.00%	-
1927	3,265,411 80.00%	788,235 19.00%	4,818 .01%	5,155 .01%	-
1928	3,203,231 85.00%	526,467 14.00%	- -	1,102 .03%	-
1929	3,173,043 79.00%	729,458 18.00%	-	-	-
1930	2,955,954 69.00%	996,127 23.00%	11,480 .30%	-	-
1931	2,236,423 70.37%	876,364 27.58%	60,762 1.91%	-	-
1932	1,685,532 53.71%	1,399,086 44.58%	52,189 1.66%	- -	650 .02%
1933	1,429,829 47.10%	1,605,776 52.90%	-	-	-
1934	1,804,127 51.00%	1,643,516 46.46%	72,103 2.04%	-	17,557 .50%
1935	1,670,085 48.39%	1,454,521 42.14%	205,045 5.94%	-	67,220 1.95%
1936	1,685,848 47.79%	1,331,279 37.73%	359,994 10.21%	16,231 .46%	44,543 1.26%
1937	1,994,619 55.95%	1,134,855 31.83%	273,696 7.67%	-	8,131 .23%
1938	1,973,610 53.11%	1,199,131 32.27%	407,031 10.95%	37,594 1.01%	34,182 .92%
1939	2,605,765 65.51%	1,034,901 26.02%	293,602 7.38%	-	-
1940	2,643,588 69.29%	1,171,642 30.71%	-	-	-
1941	3,310,670 84.01%	630,189 15.99%	-	-	-
1942	4,422,499 92.10%	379,524 7.90%	-	-	-
1943	4,073,531 91.40%	384,788 8.60%	-	-	-
1944	4,194,716 95.00%	218,511 5.00%	-	-	-

ANTHRACITE IMPORTS

CANADA

1921 - 1944

By Calendar Years
(Net Tons)

Year	Indo-China	Russia	Other Countries	Total
1921	-	-	-	4,567,370
1922	-	-	-	2,693,957
1923	-	-	-	5,167,881
1924	-	-	-	4,183,594
1925	-	-	-	3,798,744
1926	-	-	-	4,242,932
1927	-	-	-	4,063,619
1928	-	6,204 .02%	329 -	3,737,333
1929	-	117,304 3.00%	112	4,019,917
1930	1,122 .02%	291,407 7.00%	-	4,256,090
1931	4,592 .14%	-	-	3,178,141
1932	700 .03%	-	-	3,138,157
1933	-	-	8	3,035,613
1934	-	-	6	3,537,309
1935	54,447 1.58%	-	-	3,451,318
1936	88,702 2.50%	-	1,120 .03%	3,527,717
1937	-	154,495 4.33%	78	3,565,874
1938	30,302 .81%	14,952 .40%	19,645 .53%	3,716,447
1939	43,537 1.09%	-	-	3,977,805
1940	-	-	-	3,815,230
1941	-	-	-	3,940,859
1942	-	-	-	4,802,023
1943	-	-	-	4,458,319
1944	-	-	-	4,413,227

The following comments with respect to anthracite shipments to Canada from countries other than the United States are submitted:

Great Britain

It was the interruption of United States anthracite supplies to Canada in 1922 that opened the market to British anthracite coal in Canada. Very little was known of the British product before this time. From 1922 on to even after World War II British anthracite held an important place in the domestic fuel market of this country.

British anthracite coal is superior to the Pennsylvania product and the Dominion Fuel Board did much to develop a market in Canada for this alternative coal, the dislocation of the British coal industry incident to War II is the reason for the almost cessation of imports at the present time.

The annual production of a British anthracite in normal times ranges up to about five million tons, a considerable percentage of this amount being available for the European and Canadian trade. While there is no assurance on the part of the British operators that an early resumption of shipments to Canada will be made, there is the hope that after the needs of the home market and the requirements of ravaged Europe are met some consideration will be given to reestablishing trade with Canada. It will be a few years before we can reasonably expect other than token shipments.

Germany

Germany ranks third as an exporter of anthracite to Canada, exceeded only by the United States and Great Britain. Both in 1936 and 1938 Germany supplied ten per cent of our anthracite requirements. Imports commenced in 1926 as a result of small shipments having been made to the New England States. The Weaver Coal Company of Montreal looked into the possibility of getting a supply for the Canadian market which resulted in some 50,000 tons being imported that year. Although no definite proof is forthcoming it is believed that some German anthracite coal did come

into Canada prior to 1926 but was classified as Welsh coal having cleared from a British port.

During the years immediately following World War I Germany was obliged to export large tonnages of coal in payment of reparations thus leaving a production shortage for domestic or home use. This fact gave Germany the incentive not only to increase the efficiency in coal production and its use but also to improve distribution methods. While these reparation deliveries completely faded out in 1932 it did play an important part in enhancing production during the crest of the post war activity period, during the years 1927-1929 the German coal industry experienced an unprecedented activity.

At this time no one can say to what extent German coal will be marketed in Canada during the next few years.

Netherlands

The Dutch Government owns and operates three coal mines which are all located in the Province of Limburg in the south eastern extremity near the German frontier.

Shipments of anthracite from Holland to Canada are generally made through the ports of Rotterdam or Antwerp. The mines are located about 150 miles from Rotterdam and 217 miles from Antwerp.

Ocean rates to Montreal in normal times are about 10/ per ton and the price of coal for current consumption is:

Nuts No. I - $7.81 Nuts No. II - $8.80 Nuts No. III - $9.07.

No government subsidy is paid on exports and mine prices are subject to seasonal fluctuations.

Production prior to the war amounted to some twelve million tons annually. The exports to Canada have been relatively small.

Belgium

Imports of Belgium anthracite to Canada commenced with a small shipment of 650 tons in 1932 and was possibly sent out in a hatchway to complete the loading of a boat consigned to St. Lawrence ports. The next shipment of any importance

occurred in 1932 and the last received was in 1938.

The Belgium coal problem prior to 1939 was not unlike that of Canada, the chief difficulty was the marketing of the coal produced. Prior to 1921 Belgium was normally a coal exporting country but through the importation of coal in payment of German reparations an artificial situation was created which seriously affected production by depriving the industry of their own domestic market causing serious financial difficulties and unemployment with consequent social disturbances, this condition continued right up to the outbreak of World War II.

The production and sale of Belgium coal was controlled by a national coal bureau and the Canadian importers were known as the Iroquois Fuel Company of Montreal. The coal received in Canada was from collieries in the Liege and Mons area shipped to seaport Antwerp for further transit. Rates on coal for export from the mines to Antwerp were about 16 francs (50¢), while domestic shipments took a rate of 31.50 francs or about $1.00. Ocean rates obtainable in the 1937-1938 period were 9/6 per ton. The cost to the Canadian importer was $8.12 at Montreal, the wholesale price ex dock was $8.50 and the circular retail price was $10.50. This refers to an equivalent Buckwheat No. I size.

In 1939 it is understood that exports of coal from Belgium were aided by an export bonus, the bonus funds being derived from import duties on coal and as above noted exports were also aided by preferential freight rates. Post war trade is a matter of conjecture at the present time.

Indo China

Shipments of coal from Indo China to the North American continent prior to 1935 can only be considered as somewhat sporadic attempts to open up a new market, Previously the Chinese and Japanese markets provided the greater outlet for this coal but when the reorganized Indo China currency was

established in 1930 and when the Chinese mines were rehabilitated in 1932 shipments from Indo China were practically eliminated. An important market at this time was being developed in France but as this demand was for screened sizes only the disposal of the slack became an urgent problem.

There is no assurance that importations of anthracite from Indo China will be other than intermittent movements when and if coal is in supply and sufficient shipping space is available to take care of a 12,800 mile haul via Panama or a 10,700 mile haul via Suez.

Russia

Russian anthracite is mined in the Donets basin which is adjacent to ports on the Black Sea. The rail freight haul to tidewater is approximately 60 miles and the port of shipment is Mariopol. Shipments to Canada are mostly by tramp steamers which take on return cargoes of grain and other merchandise consigned to Mediterranean Ports.

Importations into Canada commenced in 1928 and continued for 1929 and 1930 when further imports were prohibited by Order in Council P.C. 463 of February 27, 1931.

Entry of Russian coal was again permitted when the above mentioned Order in Council was cancelled by P.C. 2354 of September 10, 1936, and imports were received in limited quantities during 1937 and 1938 when they ceased.

It will be noted that with the resumption of normal trade relations between the U.S.S.R. and Canada it was agreed that Russian coal would not be dumped in the Canadian market, that it would not be sold for consumption in the Maritime Provinces and sales would not be confined to any one agency as was the case in the previous Russian contract.

Due to the shortage of shipping and high freight rates during 1937, it was not anticipated that any large volume of trade would be developed. Russian coal ocean rates were from 22/ to 22/6 compared with 8/6 to 9/ on Welsh anthracite.

Post war imports of Russian coal to Canada will depend upon the shipping available and what ocean charter rates are

obtainable, predicated, of course, upon the demands of the European nations. It is hardly likely that Russian coal would be exported to North America at the present time with fuel famine conditions as they are in Europe and exports from the United States to that area to meet the above mentioned conditions.

Imports - Bituminous

As will be seen from the table giving Canada's Coal balance sheet, imports of bituminous coal have varied considerably during the past thirty years. In 1915 importations of bituminous coal were 8.4 million tons and the all time high was reached in 1943 when 24.4 million tons were imported from the United States. The average bituminous import requirement would be in the neighborhood of ten million tons annually.

From a detailed study of the bituminous imports to Canada, it will be noted the United States bituminous coal dominates all other importations. Great Britain exports of this class of coal are commonly known as dry steam and are used almost exclusively for household use. Other tonnages are chiefly from Germany and Japan but have not been of great importance.

BITUMINOUS IMPORTS

CANADA

1921 - 1944

By Calendar Yeard
(Net Tons)

Year	United States	% of Total	Great Britain	Other Countries x	Total
1921	13,536,250	100%	-	-	13,536,250
1922	10,924,045	95%	639,422	-	11,563,467
1923	17,250,629	98%	268,810	-	17,519,439
1924	12,603,088	99%	40,103	1793	12,644,984
1925	12,976,106	99%	56,822	763	13,033,691
1926	13,808,319	99%	3,943	403	13,812,665
1927	15,048,837	99%	140,309	323	15,189,469
1928	13,382,816	99%	144,145	-	13,976,961
1929	14,473,939	00%	115,368	76	14,589,383
1930	13,217,752	99%	146,199	33	13,363,984
1931	10,231,392	99%	122,298	-	10,353,690
1932	8,173,201	96%	362,068	-	8,535,269
1933	8,092,158	95%	388,061	144	8,480,363
1934	9,939,550	97%	331,517	669	10,271,736
1935	9,173,674	96%	380,645	384	9,554,703
1936	10,047,000	98%	147,720	10,406	10,205,126
1937	12,132,317	99%	56,073	54,374	12,242,764
1938	9,469,663	99%	65,957	34,675	9,570,295
1939	9,839,456	99%	67,483	20	9,906,959
1940	13,384,882	98%	196,316	-	13,581,198
1941	17,802,037	99%	65,965	-	17,868,002
1942	20,797,464	99%	9,424	356	20,807,244
1943	24,292,717	99%	6,687	-	24,299,404
1944	24,513,527	100%	-	-	24,513,527

x Other countries includes:

Germany
Norway
Esthonia
Japan
India

Nova Scotia

The main problem in Nova Scotia is to restore coal production to a normal output per man per day thereby attaining an annual production which will provide employment to the miners and a sufficient market to enable the operators to maintain operations at a satisfactory and economical level.

BY THE CHAIRMAN - Mr. Neate, you need not answer unless you want to, but you have taken a very great interest in coal production in this country?

A. I certainly have.

Q. For a great number of years. Have you given any thought to the question of whether or not the situation in Nova Scotia of those companies down there, the larger companies, will be able to get back even with the aid of subventions and nothing else, will be able to get back to its pre-war, say 1936, 1937, 1938 and 1939 position financially and economically?

A. Not at the present output per man per day.

Q. I am saying have you given any thought to it, with the output per man per day they had during those years, which you considered normal I suppose under the non-mechanized condition of the mines, or at least partially non-mechanized?

A. Let us put it this way. If war had not occurred, and if the production and marketing had been carried on with the same we will say efficient labour, I see no reason why the Dominion Coal Company, or any other independent in Nova Scotia, could not have had a successful operation by this time. The curve and the trend was that way, and I am not saying it would be on the basis of depressed wages. I think probably also we have sufficient data that would enable you to examine and reach that same conclusion that I have reached.

BY COMMISSIONER McLAURIN - What about the man per day production in the United States? Has there been a marked upward curve?

A. Well the production per man per day in the United States varies in the various fields. In the fields that supply Canada it would be nearer seven tons per man per day.

Q. I am acquainted with Fairmont, and so on. The Chairman has related back to prior to the War and you said if it had not come on, and so on. Assuming that Nova Scotia man day production remained static to what it was in 1938 and 1939. Has there been an upward curve of man day production in the United States, in comparable competing fields?

A. I think during the war you can accept that the output per man per day has been much higher in the United States than pre-war. It has increased due to the pressure and the mining activities being carried on and the requirements since 1939. It is the reverse in Nova Scotia, from 2.5 or 2.6 we are away down.

Q. Is it entirely pressure that accounts for that American picture?

A. Increased efficiency.

Q. Increased mechanization, because fewer people in the United States are producing twice as much coal as in 1936. They have doubled their output with a reduced number of men. I realize there are a lot of factors, strip mining, and so on.

A. They have gone into highly mechanized methods which would not have been attempted had not the coal been required. You have jumped from 460 million to 585 million.

Q. Have you considered that picture. You say if Nova Scotia had continued the 1939 trend, even with increased wages, they would have been in just as good a position to meet American competition as they were when War intervened?

A. I believe I am going to maintain the position I have taken for this reason. I have said if war had not occurred we would not have the vast stripping operations in the United States in the last four or five years. There would have been no demand, and I think probably you would find that the position of the United States mines would not be vastly different. Mechanization would increase probably, that is natural, but I think the position would be the same.

Q. But you took another position. You said if Nova Scotia got

back to where it was in 1939 it would compete with American competition. We have them back, but we have to meet the American position as it is, not as it might have been. We have to meet stripping because that has taken place, and mechanization has probably increased their upward trend. And we have to take Nova Scotia being back in the same position as in 1939, and measuring all the factors we may be able to come to the conclusion that they could get back. But have you measured this factor of an upward trend of production, or have you not?

A. Yes, I certainly have, and I think you will find, Mr. Commissioner, that a lot of the vast stripping operations which have been in production and operation in the past few years, will not continue.

Q. Let us have them out altogether. If you have a six ton per man day production going to seven, and from seven to eight in the flat seams; Nova Scotia gets from 1½ to 2½, and they are still in relatively the same position as they were at 1½ because of the improved American position? Is that not something we have to measure and appraise before we come to any conclusion?

A. Undoubtedly we will have to appraise that. I think the question the Chairman indicated was what is the position of the Nova Scotia industry today, is there any chance of its getting back on its feet, and I say not with the present man day production.

Q. That goes without saying. Are they coming back if they get back to 2½?

A. I think so.

Q. By reason of the intervention of war are they not in a poorer position than they were in 1939 to meet the competition? Have they not to shout at 3½?

A. I don't say 2½ will meet the situation.

Q. It is the best they have ever shown?

A. But is there any reason they can't go higher?

Q. The best way to judge the future is to take what they have done.

A. It is not a rosy outlook. A long hard road ahead to put Nova Scotia in a position to meet American competition of today. I think that answers it.

BY MR. FRAWLEY - Have you quoted statistics to show readily the trend in production per man day in the United States say for the last five years before the war, 1934 to 1939?

A. I have the figures right here.

MR. NEATE continues Brief

Its solution is chiefly one of finding markets beyond the confines of the Maritime Provinces which means that other than a southward coastal movement the only alternative is westward to the Provvince of Quebec and possibly the eastern portion of Ontario.

BY MR. FRAWLEY - Why do you say "other than a southward coastal movement"? Do you see anything in that direction?

A. I don't know.

MR. NEATE continues Brief

The extent to which markets outside the confines of the Maritime Provinces will be called upon to absorb that portion of its output, that is surplus to its own normal coal requirements, will depend entirely upon the amount of coal mined and the cost at which it can be sold.

Assuming a normal production of 7,000,000 tons annually, the surplus to be distributed outside the Maritimes would be in the neighborhood of three million tons.

New Brunswick

This province is dependent upon outside sources for over half of its coal requirements yet it has difficulty in disposing of some of its production due to price and quality factors. The railways are its best customers taking over half of the coal produced, the balance being sold chiefly for industrial use.

Railway rates on coal have long been a bone of contention in this province and while considerable study has been given to the rate structure no general submission has been made for relief. The rate from Minto to Fredericton, a distance

of thirty-five miles, is $1.10 or 31.4 mills, yet coal from Springhill 161 miles distant carries a $1.48 freight rate or 9.2 mills. Stellarton to Fredericton shows a greater anomaly, the distance is 249 miles with a rate of $1.60 or 6.4 mills per ton mile. This question will no doubt be more fully dealt with by the Commission's transportation adviser.

Saskatchewan

Over the past two decades the province has increased its production from slightly over 400,000 tons to 1.4 million tons, with existing equipment it could possibly reach 2.0 million tons.

The Manitoba market is the chief outlet for Saskatchewan coal yet this province imports annually in excess of 1.0 million tons from Alberta.

It is interesting to note that in 1924 Saskatchewan with a production of 448,000 shipped about 50% to Manitoba or 222,000 tons, the same year Alberta shipped to Manitoba, all grades, 512,000 tons. In 1944 Saskatchewan with a production of 1,372,766 tons shipped to Manitoba 727,395 tons or 53% while Alberta shipped 531,432 or just about retained its posibion.

BY COMMISSIONER MORRISON - There is no substitute for quality?

A. Not that I know of.

BY COMMISSIONER McLAURIN - It is a case of poorer coal beating out good coal?

BY COMMISSIONER MORRISON - No, it says it retained its position.

BY MR. FRAWLEY - Saskatchewan only increased its position 3% in those ten years.

A. Right. I thought the figures might be interesting in analyzing the distribution of coal from the different provinces. That is why I put that in.

MR. NEATE continues Brief

Alberta

The difficulties of the Alberta coal industry originate chiefly in the enormous and varied coal resources of the province and the ease with which new mines are brought into production

and which have prior to 1939 induced the development of productive capacities greatly in excess of available markets. Another difficulty is in the domestic field with its seasonal demand for household fuel. Due to the reluctance of the retailer and consumer generally to take delivery of this coal in the off season of heating, the operators in this field are compelled to operate at full capacity during the September to March period.

The successful substitution of Alberta domestic coals for United States anthracite throughout the Western Provinces stimulated their efforts to secure wider markets for their product and selected the Province of Ontario as their goal their progress in developing this market is a matter of record.

To maintain the 7.5 million ton production in Alberta, markets for at least 2.5 million tons will have to be developed and to my mind this outlet will have to be eastward from the Ontario-Manitoba boundary. Unless policies of a high level change the present marketing areas, it is just wishful thinking that unlimited markets for Alberta coal are to be found south of the border in the north western United States. The development of this market in the Head of Lakes region commenced in 1930 when subventions were becoming an established policy of Government. Considerable agitation on the part of the Western coal operators led the government to provide assistance to reduce the tonnage of coal and coke imported from the United States to the Head of Lakes and thence westward to Manitoba.

From the following table it will be seen that importations of bituminous coal were considerably reduced during the period from 1930 to 1941 but due to war requirements and dislocation of markets large imports of United States coal were again required during 1943 and 1944. A continued downward trend will be noted in anthracite and coke imports.

TONNAGES OF COAL AND COKE SHIPPED FROM
HEAD OF LAKES TO
POINTS IN MANITOBA
(As reported by Railway Companies)

BITUMINOUS

	C.P.R.	C.N.R.	MIDLAND	TOTAL
1930	180,675	290,025	-	470,700
1931	101,788	192,979	3,847	298,614
1932	68,569	140,698	6,216	215,483
1933	30,680	93,345	8,408	132,433
1934	20,659	52,454	4,457	77,570
1935	25,760	51,051	4,506	81,317
1936	28,636	63,003	4,901	96,540
1937	46,146	62,578	5,117	113,841
1938	36,531	62,403	5,148	104,082
1939	27,082	48,191	4,835	80,108
1940	25,289	31,711	2,129	59,129
1941	20,215	46,819	1,741	68,775
1942	90,831	192,613	2,743	286,187
1943	536,151	440,759	23,597	1,000,507
1944	457,073	514,600	6,249	977,922

ANTHRACITE

1930	9,842	11,546	-	21,388
1931	6,501	9,636	166	16,303
1932	5,929	9,788	231	15,948
1933	7,029	9,116	-	16,145
1934	5,760	8,565	773	15,098
1935	6,117	7,996	536	14,649
1936	7,171	9,111	448	16,730
1937	5,795	9,463	369	15,627
1938	5,723	9,978	183	15,884
1939	5,560	9,251	64	14,875
1940	5,307	7,469	41	12,817
1941	5,811	7,620	-	13,431
1942	4,592	9,057	90	13,739
1943	4.099	9,922	722	14,743
1944	1,384	5,573	1,267	8,224

COKE

1930	49,538	27,716	-	77,254
1931	36,672	14,686	6,000	57,358
1932	42,195	14,617	2,500	59,312
1933	41,850	14,137	2,776	58,763
1934	24,927	9,234	4,488	38,649
1935	21,330	9,792	4,264	35,386
1936	27,215	10,100	4,644	41,959
1937	25,242	9,791	2,724	37,757
1938	17,421	8,211	2,803	28,435
1939	14,374	8,477	2,399	25,250
1940	8,993	6,269	995	16,257
1941	5,109	4,723	1,136	10,968
1942	8,139	9,789	6,844	24,772
1943	6,750	13,222	8,746	28,718
1944	5,589	8,094	5,089	18,772

Some thought will no doubt be given to new mining developments and it may be necessary to scrutinize with some care any proposals which may tend to jeopardize existing operations even at the expense of lower production costs. Over-development is the forerunner of idle days and cut throat competition and the record of lost time in the Alberta mines during the 1930 - 1939 period is anything but enviable.

Movements of domestic coal to the Ontario market should be from selected mines, otherwise premium coals and coke readily available to the Ontario consumer will retain the market and thus retard any additional outlet for the Alberta product. Prices of Alberta coal for the Ontario market should definitely be stabalized, there have been too many instances in the past of inferior coals shipped under assisted rates and sold at a discount at the expense of standard grades more suitable to the Ontario trade.

British Columbia

The main problem has been that of marketing the production of Vancouver Island in competition with cheap grades of fuel oil. At one time these mines served a large export market as far south as San Francisco and also had a considerable bunker trade but with the exception of a decreased outlet in the Seattle market exports have pretty well disappeared, and the bunker trade has been greatly reduced by fuel oil.

The province has no problem of coal supply, having ample reserves to take care of the fuel needs of the province, the pressing problem has been and will continue to be the substitution of native coal by fuel oil made entirely from foreign crude petroleums. Assistance by way of subventions has aided in securing markets for Crow's Nest Pass coal in the Head of Lakes area and the subsidy paid on the Island coal for ships' stores has to an extent assisted in maintaining a part of the former important bunker trade but with crudes again becoming available the Vancouver Island coal industry will have a difficult time maintaining its position.

MR. NEATE: That, Mr. Frawley, is the end of Brief No. 1, and I submitted to you Brief No. 2, which is a detailed and factual statement covering No. 1.

BY THE CHAIRMAN: We are not going to ask you to read that. It will go into the minutes.

BY MR. FRAWLEY: I don't think we have to mark it. It is taken as read and it goes into the record just as if Mr. Neate had read it.

BY COMMISSIONER McLAURIN: Why not mark it?

Brief marked

Exhibit 261 - Report on the Activities of the Dominion Fuel Board - Vol. II

BY COMMISSIONER McLAURIN: What do you call inferior Alberta coals? What would you regard as the inferior coals?

MR. NEATE: There are a lot of inferior coals. You take the Drumheller field or the Edmonton field. Edmonton coals, I maintain, should be kept in the Edmonton area and not be shipped to Ontario.

Q Edmonton has not been in that field for some time, has it?

A There is always the odd car entering the Ontario market from mines which should not be shipping.

Q Right up to the time --- ?

A Right up to the present time.

BY MR. FRAWLEY: There is nothing to prevent that?

A Nothing to prevent it, no.

BY COMMISSIONER McLAURIN: So there would probably be no year in which there would not be at least a stray car of Edmonton coal coming down?

A I am afraid so; that is our experience. I would like to see some method of regulation that took place under the Ontario Fuel Controller's regime back in the '26 period when he prescribed what mines should ship, in co-operation with the Alberta government, and there were three or four classes of coal designated as Class A, B, C and D.

BY MR. FRAWLEY: Was that an Alberta government regulation?

A It was an agreement between the Ontario Fuel Controller and the Alberta government.

BY COMMISSIONER McLAURIN: How could they accomplish that constitutionally?

A Constitutionally it was not accomplished.

BY MR. FRAWLEY: The Province obviously couldn't do it. There is an old theory, between the Province and the Dominion everything can be done that the British Parliament can do. I am inclined to think there could be some restriction.

BY COMMISSIONER McLAURIN: By whom?

BY MR. FRAWLEY: By the federal power, except the British North America Act says something about it.

BY THE CHAIRMAN: This was a proposed arrangement between Coal Supply in Ontario and the government of Alberta.

BY COMMISSIONER McLAURIN: Sure, but you run into a refractory operator and he says, "You just can't do that."

BY COMMISSIONER MORRISON: A negotiated agreement.

MR. NEATE: It could be accomplished under the Order in Council, insofar as the Minister has the right to refuse assistance to any movement. It would be discriminatory, I admit.

BY THE CHAIRMAN: It is discriminatory right now. Only the mines that were opened up at the time of the passing of this legislation were to get subventions at all.

MR. NEATE: That restriction is lifted.

BY THE CHAIRMAN: I mean before the war.

BY COMMISSIONER McLAURIN: What other fields would you put in that category?

MR. NEATE: The Class A category?

Q The category that should not go to Ontario?

A I would say the sub-bituminous. Take the Saunders coals and some of the Drumheller. There is quite a variation in the Drumheller Valley.

Q I am asking you what you would not let into Ontario. You

would certainly let Saunders Creek in? Now Edmonton is one grade that should not come in. What are the others?

A Take Sheerness, Tofield.

Q Now I understand that, but you mention various grades of Drumheller. What you wish to indicate by that inference is that there are defintely, right in the Drumheller field, some grades of coal that couldn't come and you couldn't give a blanket entry to properly prepared Drumheller coal?

A In the Drumheller field there is quite a variation. Take McLeod River.

Q That is good coal?

A It is excellent coal. I would put that in the Saunders class.

Q But I am talking about the coals that should not come into Ontario.

A I think if we are going to discuss the mines or areas which are suitable for the Ontario market we should get both the map and the areas and the mines and go into them with more detail than a chance remark on my part.

Q I wasn't thinking of the mines, I was thinking of areas, just to get this picture.

A Well, you take the Drumheller area, they ship the most suitable coal. You take Rosedale; that is one grade that has found a wide market in Ontario.

Q It would be very easy to regulate a district; say now Sheerness, high moisture, stripping coal. Sheerness itself can't hope to get into the market, and I think you can say the Edmonton operators would be foolish to try to get in. But when you have a field like Drumheller that can ship coal, how do you regulate the quality of the coal that comes out of that field?

A Pretty difficult.

BY COMMISSIONER MORRISON: You could do it through a central selling agency, couldn't you?

A A central selling agency would have the option of dealing or not in Drumheller coal.

Q But you are dealing with assistance. Assuming Drumheller coal couldn't go to Ontario without assistance?

BY COMMISSIONER McLAURIN: A central selling agency obviously could control it, but the other alternative of controlling, for instance, Drumheller. I mean, you say in your brief that those inferior coals should not go down. I agree entirely with everything you say. I want to come to the next stage. In your experience what formula have you to offer to prevent them getting here?

A My formula would be to have mines selected and approved and acceptances only issued to those mines, but it would take time and study to select your mines for shipment. It is the same thought that you have.

Q Do you think that by actual selection of mines you would cure a situation that might develop in Drumheller?

A It would go far towards curing it.

Q Wouldn't you run into both grades of coal from those mines and you wouldn't know which one was going out?

A Yes.

BY COMMISSIONER MORRISON: There is no top seam being mined in Drumheller today.

BY COMMISSIONER McLAURIN: I suppose you say by selection of mines?

A I think that is the only answer.

BY MR. FRAWLEY: Couldn't you enlarge your existing Order in Council, put in a formula to say only coal of such preparation and size? You could do anything you like.

BY COMMISSIONER MORRISON: Are you going to be the policeman to stand at the barrier at Winnipeg and check every ton of coal, increase ths subvention possibly $1 a ton?

A That's right; that is one of the difficulties.

BY COMMISSIONER McLAURIN: I am hunting for a formula that hasn't a difficulty. Mr. Neate's suggestion of selecting mines - you know what a particular mine is doing.

MR. NEATE: You may have a dealer that would be perfectly satisfied with an inferior grade of coal at less cost.

BY COMMISSIONER MORRISON: Some of them brand their coal.

A. Yes, they do, and they stay by their brand. The Americans do it too with great success.

Q. And Drumheller does it with great success.

MR. NEATE: There are some further submissions that should go on the record. Would you like me to give them to you now?

BY MR. FRAWLEY: What are you referring to?

MR. NEATE: Dominion Fuel Board reports and such studies as have been carried out.

BY COMMISSIONER McLAURIN: No, no, we don't want them on the record.

BY MR. FRAWLEY: We would be very glad to have you refer to them at this time and they will go into the custody of the secretary.

BY COMMISSIONER McLAURIN: These are yearly reports made to the Minister, are they?

MR. NEATE: No, they are published reports and investigations by the Fuel Research Laboratories in co-operation with the Fuel Board.

MR. NEATE submitted the following Reports and Booklets:

Dominion Fuel Board Printed Reports

Number

1. Interim Report of the Dominion Fuel Board, 1923.

3. Central and District Heating. Possibility of Application in Canada, by F. A. Combe, 1923.

5. Coke as a Household Fuel in Central Canada, by J. L. Land, 1925.

7. The Smoky River Coal Field, by James McEvoy, 1925.

8. Why You Should Insulate Your Home, by G. D. Mallory, 1927.

10. Dominion Fuel Board Second Progress Report, 1923-28.

12. Humidity in House Heating, by E. S. Martindale, 1929.

14. Comparison of the Cost and Convenience of House Heating with Various Fuels, by E. S. Malloch.

15. The Insulation of New and Old Houses, by G. D. Mallory, 1932.

Note:

Reports numbered 2,4, 6, 9, 11, 13, 15 are French versions of the above reports.

Memorandum containing data in regard to an All Canadian and British Fuel Supply 1927. (Out of print, copy available on Dominion Fuel Board files).

Dominion Fuel Board Mimeographed Reports

Special Report dealing with the Establishment of By-Product Coke Ovens in the City of Ottawa			1925
Ditto	-	Quebec	1925
Ditto	-	Toronto	1925
Ditto	-	Port Colborne	1925
Ditto	-	Montreal	1925

Governmental Investigations and Legislation enacted in regard to a Fuel Policy from Appointment of Fuel Controller in 1917 to date, 1927.

Memorandum on Coal Distribution in Canada, 1931.

Coal Industry of French Indo-China, by C. L. O'Brian, 1935.

Mines Department in Co-operation with Dominion Fuel Board

Facts about Peat by F. F. Haanel, 1924

Petroleum Fuels in Canada. Deliveries for Consumption.	1933	Report by J. M. Casey
"	1934	"
"	1935	"
"	1936	"
"	1937	"
"	1927-1940	"
"	1938	Folder
"	1939	"
"	1940	"
"	1941	"
"	1942	"
"	1943	"
"	1944	"

Coking Experiments on Coal from the Maritime Provinces by B. F. Haanel and R. E. Gilmore, 1924.

Instructions for Burning Coal, Coke and Peat, 1927

Tests of Various Fuels made in a Domestic Hot-water Boiler at the Fuel Testing Station in Cooperation with the Dominion Fuel Board, by E. S. Malloch and C. E. Baltzer, 1927.

Industrial Fuel and Power Statistics for Ontario by E. S. Malloch and C. E. Baltzer, 1925.

Coking Tests on Coals from Western Canada by R. E. Gilmore and R. A. Strong, 1929.

Low-temperature Carbonizations - Continuation of Tests on Canadian Bituminous Coals by R. A. Strong, 1929.

Summary of Tests on British Columbia coals when used as Pulverized Fuel by E. S. Malloch - 1933.

Notes on Pulverized Fuel Fired Steam Generators versus Other Types by B. F. Haanel - 1933.

(Folders) Fuels Distributed for Domestic Heating - 1926
" " " " " - 1927
" " " " " - 1928
" " " " " - 1929
" " " " " - 1930
" " " " " - 1931
" " " " " - 1928-1932

Alberta Coal for the Ontario Domestic Market - 1941.

50 Ways to Save Coal
33 Ways to Save Coal

Coal Mines in Canada. List prepared yearly 1922-1945

(papers) The Fuel Problem. A Review of the Fuel Situation in Canada, the Problems, and Progress towards a solution by Dr. Charles Camsell, 1924.

Low Temperature Carbonization and Coal Liquefaction in Europe by Hon. Charles Stewart, 1927.

Changes in the Fuel Situation in Canada by Dr. Charles Camsell, 1928.

Investigations of Canadian coals including their testing, classification and utilization by B. F. Haanel, 1937.

F. G. NEATE sworn by Chairman as to facts; opinions and information to be based on reasonable foundation.

EXAMINED By Mr. Frawley.

Q When was the last report of the Dominion Fuel Board made?

A 1928.

Q There has been no report made since that time?

A No.

Q And that is about the time subventions came in?

A Just about.

Q Without deprecating it in the least, it is fair to say that since that time you have been very busy administering the subvention Orders in Council?

A Very busy.

Q And your activities are pretty well confined to the administration of the subvention Orders in Council?

A Yes.

Q Will you tell me why it was that the subvention Orders in Council were so drawn as to limit western coal to the province of Ontario so far as consumption was concerned?

A Yes. On more than one occasion assistance has been requested by western operators for entry into the Quebec market, but considering the proximity of eastern coal to the Quebec market it was not considered good policy, or it was not considered acceptable by Government to have it go in. You could put Nova Scotia coal into almost any part of the province of Quebec at considerably less expense than you could bring Alberta coal down 2,000 miles. That is the reason.

Q I don't know whether the operators were very anxious about it or not, but weren't there some important places close to the Ontario line where western operators could have got in?

A They did get in. They were bringing it to the boundary and then taking it on a 60 cent freight rate to the consuming areas in the northern portion of Quebec. While the Order in Council did not specifically say it could not enter Quebec there was nothing to prevent it coming to an Ontario point and taking an additional pro rata rate into that area. There always has been a domestic market in the Val d'Or area and in that area adjacent to the T. & N. O. Drumheller coals, Alberta coals for domestic use did, and are now coming into that area.

Q Could any of the Crow's Nest Pass coals have gone in to, say

Noranda on an equal footing with Nova Scotia coal?

A No sir.

Q There never was any hope of that at all?

A Never. They could get into Kapuskasing.

Q I am speaking of Noranda?

A No. . They couldn't even compete at International Nickel, to leave Noranda out of it.

Q They couldn't have competed at International Nickel with the amount of assistance you were giving Nova Scotia coal?

A No sir. This was less than the $2.50, wasn't it?

BY COMMISSIONER McLAURIN: Less than $2.00.

A That is what I wanted to point out.

BY COMMISSIONER MORRISON: That was due to the water haul?

A Oh, quite so.

BY MR. FRAWLEY: Would you say that the Domestic Fuel Act had achieved the purpose of the people who promoted it?

A I am afraid the Chairman can answer that question better than I can, as he had some part in designing it, but the answer is no.

Q Well now, why?

A Well, first of all the limiting amount of $1 a ton was a detriment, and the restrictive clause that it had to be 70% of Canadian coal was another, and then it passed out of existence in 1932, a short five years, but even under its terms I don't think you could get anyone with courage to build a coke plant. A good example is the Montreal Coke. Why didn't they take advantage of it?

Q On page 24 you were telling us about the technique of determining the amount of assistance that will be given to meet American competition. I am just wondering, what is it that determines what foreign coal is used as a competitive coal, because it is an arbitrary calculation you make, isn't it?

A Yes. The calculation would be based on what American coal would cost at that point.

Q What American coal would cost at that location? What determines which American coal you use?

A It would be determined upon the coal that would be used. We would know what coal would be going into that plant.

Q From the consumer?

A From the consumer.

Q He would tell you the coal he would otherwise use unless your assisted Canadian coal would be able to go to him at the same cost?

A That is correct, and if there was any variation we would be informed.

Q Can you tell us what the trend was in the production per man-day in the United States mines that were supplying Canada in say 1934 to 1939? What was it running from, approximately, to?

A Let us take broad figures. I will give you a detailed statement on that this afternoon; it is being prepared; but I would say the trend has been from in excess of 5 tons per man-day to probably close to 7.

Q That is before the war I am speaking of.

A Oh no.

Q I say cut it off at '39, the trend from 1934 to 1939?

A Between 5 and 6.

Q And in 1939 the Nova Scotia production was?

A 2.5, I think; 2.67 I had in mind.

Q If we eliminate the war, and the advantages or disadvantages that came with the war, and that extra production per man-day in the United States, just imagine the situation that was developing without the war, what would have been the comparable positions of the Nova Scotia coal and the American coal say in 1942 or '43, eliminating any war?

BY THE CHAIRMAN: Are you suggesting that the production in the United States would go ahead and the other would go down?

BY MR. FRAWLEY: It is the man per day production. I want him

to give us the benefit of his views on that subject.

BY THE CHAIRMAN: Well then, leave the trend out.

A I think I read your mind. If there had been no war--we predicate it on that--Nova Scotia coal would I think probably have maintained, it would not have increased its market but it would have maintained its market, because you have got to remember in 1939 the minimum price came into being for American coal. They were not permitted to dump coal and sell coal except at the minimum price established by the Bituminous Coal Commission. Now that would have one effect in assisting eastern coal to maintain its position.

Q And you think the Minimum Prices Act would have stabilized ---

A It did.

Q Stabilized the export price to such an extent that the Nova Scotia coal would have held what market it had in 1939?

A That is my view, Mr. Frawley.

BY THE CHAIRMAN: As a matter of fact they bettered their position in 1939 over some previous years.

A Yes. I think you will find from the records ---

BY COMMISSIONER McLAURIN: So did the western mines. It is not a very good year to take as a basis. '37 probably.

A No, '37 was better than '38.

BY THE CHAIRMAN: I mean it went up from the time of subventions. Nova Scotia coal and western coal too were increasing their markets?

A Why, certainly.

Q In competition with American coal?

A Why, certainly.

BY COMMISSIONER MORRISON: There is some criticism by Western producers of Orders in Council of one year, which don't allow them to build up a business on a suitable basis with other producers of coal.

A I think they have a just complaint. I wouldn't want to operate a mine and establish a market on a year to year

basis. If I were going to establish a market I would want something more permanent than an Order in Council by His Excellency which would provide assistance year to year. I think that point has been taken, and well taken, on more than one occasion.

BY COMMISSIONER McLAURIN: Let me be quite clear on that. 740 was not a yearly Order in Council?

A Yes, 740 was extended and extended each year.

Q There had to be an Order in Council each year extending it?

A Oh yes. The money was voted each year. In some cases, 539, 439, they were a period of three years, butin no case is there any authority, except by the vote out of the consolidated revenue fund, to provide money for that purpose.

BY COMMISSIONER MORRISON: You agree with the producers of the West?

A I always have maintained that position, Mr. Morrison.

BY COMMISSIONER McLAURIN: The alternative, of course, is statutory recognition?

A Yes. As I pointed out, the policy behind the rescinding of those orders in council is entirely due to the flexibility with which you can change it over night as competition changes.

Q As long as the idea of the assistance is to make Canadian coal competitive you still are going to have a situation under which orders in council are going to be issued, and you will still have variation?

A We will still have variation.

Q And you run the risk by going to Parliament of finding out the voting strength of Ontario and Quebec decides you should not have any subventions at all.

BY COMMISSIONER MORRISON: But that situation can be remedied?

A Yes, it could be remedied by putting an order in council in for a period of five or ten years.

BY THE CHAIRMAN: Or a statute.

BY COMMISSIONER McLAURIN: The minute you say you don't like orders in council that means going to Parliament and having statutory recognition and a statute providing the pattern under which these things would be done?

A Correct.

BY COMMISSIONER MORRISON: Would you follow up your answer? You were starting to develop the idea of an order in council to operate for 10 years?

A Yes.

BY COMMISSIONER McLAURIN: You would have a statute?

A Yes. I say you could make any order in council you like to fit in with the statute. You may do it by regulation, and you can amend regulations by order in council. It simplifies this.

BY COMMISSIONER MORRISON: So it is not a difficult problem to meet the wishes of the Western producers?

A No, if that is all that is required.

Q That's right. I am only referring to that one phase.

BY THE CHAIRMAN: That is the recommendation put before us by the Dominion Coal Company, that subventions be made for a period of years by statute.

A It would certainly be more permanent, more satisfactory to those who are participating in it.

BY THE CHAIRMAN: Well, Mr. Neate, we want to thank you very sincerely for the splendid resume you made of this whole situation, and the splendid opinions I think you expressed on your examination. I hope that we didn't lead you too far, to suggest that you were not in agreement with government policy. I want to say that you handled yourself exceedingly well in that regard.

MR. NEATE: Thank you very much. I think I will stand on my two feet in regard to any remarks I have made.

BY THE CHAIRMAN: What is next, Mr. Frawley?

BY MR. FRAWLEY: That concludes the Ottawa sittings.

11.30 A.M. - COMMISSION ADJOURNED

EXHIBIT 261 - REPORT ON THE ACTIVITIES OF THE DOMINION FUEL BOARD - VOLUME II

(Submitted by F. G. Neate)

NOVA SCOTIA

The background which brought into being Order in Council P.C. 1257 of September 3, 1924 does not stem from any work of the Dominion Fuel Board. It was prepared by the Honourable E. M. Macdonald, then Minister of National Defence, and the records indicate that Mr. Macdonald did consult with officials of the Canadian National Railways as to the best form the assistance could take. Several draft memoranda were prepared in the Department of National Defence and one, evidently the final draft, was sent to the Honourable Charles Stewart, Minister of Mines, during 1924 suggesting that consideration be given to:

(a) That all bituminous coal shipped from coal producing points in the Maritime Provinces by rail to points west of Levis and all Canadian coal brought to St. Lawrence ports by water and reshipped thence by rail would be subject to Government assistance to the extent of one fifth of a fent per ton per mile to be paid to the railway companies carrying the coal.

(b) Coal produced in Western Canada, West of Manitoba and Saskatchewan border and shipped to any point east of Fort William or Armstrong be given Government assistance to the extent of one fifth cent per ton per mile to be paid to the railway companies carrying the coal.

A vote of $200,000 was passed in the Supplementary Estimates at that time to defray the cost of these proposed movements.

In explaining this item to the House, Mr. Stewart stated that this was not his solution of the fuel problem in the acute fuel area, he thought that the proper solution lay in the construction of coking plants in all the reasonably sized municipalities in Central Canada and stated that at the next session he hoped to be able to bring down some policy that would appeal to the House and that would encourage the establishment of the plants for the transformation of Canadian coal into coke. He went on to say that there had been a persistent demand from Western Canada for a trial shipment of their domestic coal and

that the sum mentioned in the estimates covered such an expenditure. He was doubtful, however, if, under existing conditions, the experiments could be carried out. He further stated that as regards conditions in the East the coal could be shipped by water to Montreal and from hence distributed to points in Ontario and Quebec. It was intended, he said, to encourage the industry in the East this year by lending some assistance in the haulage of this coal from river points to points of distribution.

It is noted that under date of August 22nd an official of the British Empire Steel Corporation Limited wrote the Deputy Minister of Mines stating that in accordance with an appointment arranged with the Honourable E. M. Macdonald he was leaving that evening for Ottawa with the expectation of also having an opportunity to discuss this proposed assistance with Mr. Stewart.

It is evident that a draft recommendation to Council was prepared by the Fuel Board and it was submitted to the Honourable E. M. Macdonald for his views and he suggested on August 27, 1924, that he hoped it would go through at the next meeting of Council and that some progress will be made in regard to this movement. The Order in Council was finally approved under date of September 3, 1924.

It will be noted that out of the sum of $200,000 voted in 1924, the total expenditure amounted to $11,051.07, all applying to movements of Nova Scotia coal and nothing from the West.

During 1926 a special Parliamentary inquiry took place and the special Committee on Coal made further recommendations to the House of Commons in that trial shipments of Alberta domestic coal should be made by rail and lake under the supervision of the Dominion Fuel Board in order to ascertain the possibilities of moving Alberta coal in large volume with modern loading and unloading facilities, and it was recommended that early consideration be given by the Government as to the advisability of renewing the Vote in the Estimates for the

purpose of assisting the rail movement of Canadian coal, of which the unexpended balance was $180,000, this was an unexpended balance of the $200,000 Vote as provided for under the Supplementary Estimates previously. During this inquiry it will be noted that Mr. Roy Wolvin, President of the British Empire Steel Corporation, submitted evidence with respect to the subvention on transportation in the movement of Nova Scotia coal. He suggested that transportation assistance should be provided movements by water as well as by rail and if the assistance were available on the water movements it would move a considerable quantity of Canadian coal to Ontario ports but with the necessity of having this subvention available for a term of years to allow for the investment in unloading facilities necessary to properly handle that business.

Nothing further was done with respect to these recommendations until the passing of Order in Council P.C. 539.

The record would indicate that many draft recommendations to Council were prepared and considered prior to the actual passing of P.C. 539 of March 30th, 1928. The Dominion Fuel Board did undoubtedly give considerable thought to the matter and at the direct request of the Honourable Mr. Ralston I spent some days with the then Mr. J. L. Ilsley preparing a draft submission to Council and which, with a few minor amendments, constituted the Order P.C. 539 as approved by Council. While the Honourable Mr. Stewart, Minister of Mines, had the responsibility of submitting the recommendation to Council the Honourable J. L. Ralston was the Minister who actually examined the details.

The basis of the $3.00 rate mentioned was the mileage from Sydney to Montreal or 920 miles. The $6.75 rate established upon the Alberta movement worked out at 0.3392 mills per ton mile on a 1990 mile haul, therefore, applying the 0.3392 mills on a 920 mile haul from Sydney it worked out at a rate of $3.12 and that is how the $3.00 rate was established.

This Order in Council, as will be noted, remained in effect until May 30th, 1931.

Early in February, 1930, the Honourable the Minister of Mines did discuss with the President of the British Empire Steel Corporation Limited certain proposed changes to the existing Order in Council P.C. 539 and upon instructions the following memorandum of February26, 1930, was submitted to the Vice Chairman of the Dominion Fuel Board and a draft recommendation to Council was prepared on March 28, 1930, suggesting that P.C. 539 be modified changing the rate from $3.00 to $2.50 and that Section B have a sliding scale of assistance commencing at 50 cents per ton for the period April 1st, 1931, to March 31st, 1936, and reduced by 10 cents per ton annually until March 31st, 1941, when it would cease:

"Memorandum to:

John McLeish, Esq.,
Vice-Chairman,
Dominion Fuel Board.

Re: Assistance to the Coal Industry

As the cost of transporting coal presents the chief economic problem of our fuel situation, an essential part of developing a program to improve that situation must be a knowledge of the extent to which this factor applies to the marketing of coal.

The scope of the Board's activities has necessarily covered the collection of a great deal of information in connection with the cost of transporting coal in Canada, both as regards interprovincial movements and those originating in the United States and Great Britain. This information can be summarized under two headings:

(a) The examination of existing rail rates, combination rail and water, and various routings with a view to determining the lowest rates available to certain localities.

(b) To determine as a factor in connection with furthering the markets for Canadian coal the extent of the influence of lower rates or other advantages enjoyed by foreign coals entering the Canadian market.

After a thorough survey of the situation in the matter of transporting Alberta domestic coal to the Ontario market it must be concluded that existing freight rates will not permit these coals to compete in Ontario with other fuels now being marketed.

A similar study was made of the possibility of extending the markets in Quebec and Ontario for Maritime

Province coal with the result that it has been found that the extension of these markets can only be accomplished by providing for a reduction in freight rates to points from St. Lawrence ports.

Canada is not the only country which has adopted temporary measures with a view to assisting the coal industry and it may be safely said that in Europe nearly every coal producing country has in some way or other adopted similar remedial measures. This relief is doing more than supplying a temporary cure for the evil times on which the coal industry has fallen although we fully realize that it is not entirely correcting the disequilibrium between capacity and demand.

Since March 1928 when Orders in Council P.C. 439 and P.C. 539 were made effective considerable light has been shed upon the subject of coal marketing, particularly as it applies to the economic radius with which coal can be shipped from the mines. This is very evident in regard to the movement of Alberta coal to Ontario markets.

In the light of experience thus gained I feel that it might be expedient to advise the Honourable the Minister of Mines of the results of such studies with a view to placing the Board in the position of interpreter of any policies which may be formulated by the Government along the above lines.

Respectfully submitted,

F. G. Neate,
Secretary."

In this case the assistance was proposed for both all rail and rail and water shipments for a period of ten years. The draft recommendation was not submitted to Council for approval. My memorandum covering this matter dated May 17th, 1930, reads as follows:

" On the 16th instant I was instructed to appear before Colonel Ralston and discuss with him the proposed revision to P.C. 539 to cover assisted rates on Maritime Province coal to the provinces of Quebec and Ontario.

The high lights of the discussion were that instead of proceeding along the lines intimated in my memorandum for a period of ten years, it is proposed to continue under similar terms as at present for a period of five years only. It is suggested that the $3.00 all-rail rate from Cape Breton be changed to $2.50. This $2.50 blanket rate would apply on all-rail movements of coal during the Winter months. It is proposed to give a $2.50 rate from the mainland of Nova Scotia during the months of May, June, July and August of each year. For New Brunswick the rate will be $2.00 and applicable during the four summer months, as in the case of the mainland of Nova Scotia.

Restrictions noted are cancelled in regard to the coal used for bunkering purposes and also for that which may be moved to coking plants already participating under the Domestic Fuel Act. It may be extended to coal used for railway

or locomotive use. On that point I have been instructed to interview officials of both railways as to whether or not a greater tonnage of coal could be obtained for the railways if the subsidy were applied.

In regard to Section "B", I had dropped the maximum from 75¢ to 50¢, as I found the cost of Noranda shipments somewhat excessive compared with the assistance granted on coal moving to other plants. This did not meet with the approval of the Honourable Mr. Ralston and the 50¢ was again changed to the old maximum of 75¢ per ton.

The diminishing scale, which I had applied for the years 1936-40 inclusive, was cancelled, it being considered more advisable to renew if necessary the Order in Council after a period of five years.

The restrictive measures which I had included, such as "tonnages less than 500 tons" (Item No. 2) "to points of shipment less than twenty-five miles from St. Lawrence port", "to coking plants participating under the Domestic Fuel Act," all were withdrawn and I was asked to arrange with the Besco authorities to keep these restrictions in mind although not to officially appear in the Order in Council. I refer particularly to the maximum tonnage question and the maximum mileage question.

Upon my return from Montreal, after conferring with the British Empire Steel Corporation and officials of the two railways, I shall again submit to Colonel Ralston, with the concurrence of the Honourable Charles Stewart, any views which I may receive."

A further modified recommendation to Council was prepared on May 21st, 1930, but again no action was taken to change or amend P.C. 539.

Further meetings were held between myself and the President and Vice President of British Empire Steel Corporation on May 22, 1930, to clarify certain points for Colonel Ralston and my memorandum on file dealing with those interviews reads as follows:

> " I had a conference yesterday morning, the 20th instant, with Mr. McNaught, President of the British Empire Steel Corp., and Mr. McClurg, Vice-President, and took up with them contentious points upon which the Honourable Colonel Ralston desired further information. The question of applying a $2.50 rate on the winter movement of coal from Cape Breton to points in Quebec did not meet with immediate approval. They wished another day or so to look into this matter and to see whether or not it would be advantageous to them.
>
> The opening up of Ontario with a restrictive amount payable per ton was favorably commented upon, but both gentlemen pointed out the necessity of having the province of Quebec wide open with no restrictive limits otherwise there would be a great danger of losing their

somewhat attractive market at Noranda. This also is receiving their attention.

The winter movement from Cape Breton seems to be limited to 100,000 tons for the four months. A greater quantity than that moved would interfere with the summer movement which they do not want disturbed. They also claim that by lowering the price too much for the all-rail winter movements, it is just possible that an artificial market may be established, which, in the event of withdrawal of the assistance or flat rate, would immediately diminish."

An excerpt from the minutes of the Dominion Fuel Board's 130th meeting of May 27th, 1930, reads as follows:

" Secretary reported upon revision of P.C. 539 being prepared under instructions by the Honourable the Minister of National Defence governing the movement of coal from the Maritime Provinces. Although the question was not submitted for Board's action, a general review covering proposed changes was submitted for members' information."

A further suggested revision of May 27th, presumably discussed with the Board at the meeting above referred to, is now set out:

"1. On coal produced in Nova Scotia and moved wholly by rail to points in the Province of Quebec.

(a) Subject to the limitations specificed in subsection hereunder and effective from January 1st, 1932, to December 31st, 1936, assistance will be granted of 1/10 (one-tenth) of one cent per ton per mile from the rates in effect at the date of approval of this recommendation, but that the reduction be in no instance greater than $1.50 per ton, the amount of the said reduction being payable to the railways with a view to protecting them from any loss that might be incurred.

2. On coal produced in Nova Scotia and carried by vessel to St. Lawrence ports and thence transshipped by rail to points in the Province of Quebec and Ontario as follows:

(a) Subject to the limitations specified in subsection hereunder and effective from January 1st, 1932, to December 31st, 1936, assistance will be granted of 1/5 (one fifth) of one cent per ton per mile from the rates in effect at the date of approval of this recommendation, but that the reduction be in no instance greater than $1.00 per ton, the amount of the said reduction being payable to the railways with a view to protecting them from any loss that might be incurred.

3. On coal produced in New Brunswick and moved wholly by rail to points in the Province of Quebec.

(a) Subject to the limitations specified in subsection hereunder and effective from January 1st, 1932, to December 31st, 1936, assistance will be

granted of 1/5 (one fifth) of one cent per ton per mile from the rates in effect at the date of approval of this recommendation, but that the reduction be in no instance greater than $1.00 per ton, the amount of the said reduction being payable to the railways with a view to protecting them from any loss that might be incurred."

A revision of the previous recommendation to Council was again made but no action taken.

Little further was done until September when I was advised by the British Empire Steel Corporation that they were submitting a memorandum of certain items to be presented to representatives of the Nova Scotia Government in the matter of assistance to unemployment. The memorandum dealt with the dumping of coal and suggested including the railways under the present subvention and also made a suggestion with respect to a National Fuel Policy which reads as follows:

" Having in mind the movement of Eastern coal as far west of Montreal as possible we propose in order to obtain prompt consideration of this matter that a round-table discussion should be held at which a representative of the Canadian National Railway and Canadian Pacific Railway, a representative of the Eastern Coal Industry, which meeting should be presided over by a representative of the Government who might be Chairman of the Dominion Fuel Board."

This suggestion was submitted on September 4, 1930.

Further discussions were held between the Dominion Fuel Board and officers of the Dominion Steel and Coal Corporation and minutes of the 132nd meeting of the Board, held on September 4th, 1930, are quoted:

"Minute #2

At the invitation of the Chairman, Mr. E. J. McLurg, Vice President, Dominion Steel & Coal Corporation, Montreal and Mr. A. M. Irvine, Vice President in charge of coal sales were present.

Chairman explained that the reason the meeting had been called was to give an opportunity to the officials of the Dominion Steel & Coal Corporation of Montreal to discuss with the members of the Board certain suggestions advanced by that Company pertaining to the marketing of Nova Scotia coal in the Provinces of Quebec and Ontario.

Mr. A. M. Irvine briefly outlined the situation stressing the fact that due to the general trade depression there has been a considerable decline in the tonnage of coal moving to St. Lawrence ports this year. It was

estimated by Mr. Irvine that the loss in tonnage would probably amount to 500,000 tons.

With a view to keeping the mines operating and relieving as far as possible unemployment in the coal mining industry of Nova Scotia, Mr. Irvine submitted certain suggestions, which, if, in his opinion, were made effective an increased tonnage of Nova Scotia coal could be marketed in the two provinces above mentioned.

(1) Protection against dumping of U. S. coal.

Mr. Irvine thought that if a fair market price was established at the Canadian border, of $1.45 for Run of Mine and $1.20 for Slack coal, it would prevent at least 200,000 tons of U.S. coal from entering a market which he considered rightly belonged to Nova Scotia coal. Slack coal, it was stated, sold in this market during the past summer as low as 65¢ per ton.

(2) Including Railways under subvention authorized vide P.C. 539.

The suggestion was made that both Railways be admitted to the provisions of the above Order in Council and the 1/5 of one cent per ton assistance be allowed on all coal used by the Railways ex St. Lawrence ports.

Chairman pointed out that the Order in Council distinctly excluded Railway coal from the provisions and expressed doubt as to whether Nova Scotia coal could even with the assistance suggested reach the westerly limits mentioned by Mr. Irvine.

(3) Advancement of National Fuel Policy.

Having in mind the movement of Eastern coal as far west of Montreal as possible, it was suggested by Mr. Irvine that in order to obtain prompt consideration of this matter a round-table discussion should be held at which a representative of the Canadian National Railways, the Canadian Pacific Railways and a representative of the Eastern Coal Industry would be present. The meeting should be presided over by a representative of the Government who might be Chairman of the Dominion Fuel Board.

(4) Marketing of Anthracite Screenings.

The importation of some 300,000 tons of anthracite screenings annually, it was claimed, seriously interfered with the marketing of Eastern Canadian bituminous coal. It was also claimed that screenings from importations of British anthracite amounted to considerably over 100,000 tons annually and sold in the St. Lawrence market as low as $3.25 per ton.

After submitting the above matters for the Board's consideration the officials formally thanked the Board for the opportunity of being allowed to present their views. Mr. M. McLurg particularly stressed the cooperative relations between his Corporation and the members of the Dominion Fuel Board.

Chairman instructed the Secretary to consult further with Mr. Irvine with a view to the preparation of an amplified memorandum of the subject."

My memorandum of September 8th, 1930, deals with this submission and is as follows:

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

Submission in reply to memorandum
of Mr. A. M. Irvine relating to the
Nova Scotia Coal Industry

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1. "Protection against Dumping.- For the purpose of valuation, $1.20 per net ton might be taken as a fair price f.o.b. cars at American mines and $1.45 for run-of-mine coal. These prices might be readily confirmed by such companies as the Berwind-White Company, New York, Island Creek Coal Company, whose head office is also in New York, and others in like standing. The above is based on the fact that coal has been delivered during the past season at prices as low as from 65¢ to 75¢ per ton from American mines. The quantity of coal affected would probably mean from 200,000 to 300,000 tons; this coal being for industrial purposes."

It is extremely doubtful if this constitutes dumping as within the meaning of the Customs Act. (Appendix No. 20, Section 6)

"In the case of articles exported to Canada of a class or kind made or produced in Canada if the export or actual selling price to an importer in Canada be less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada there shall, in addition to the duties otherwise established, be levied, collected and paid on such article, on its importation into Canada, a special duty (or dumping duty) equal to the difference between the said selling price of the article for export and the said far market value thereof for home consumption; and such special duty (or dumping duty) shall be levied, collected and paid on such article although it is not other wise dutiable."

In the first instance coal can be purchased in the United States or country of origin at prices less than those suggested by Mr. Irvine. Again, the 200,000 to 300,000 tons extra business represents only .02 per cent of our total importations of United States bituminous coal which means that over 99 per cent of Canadian importers would have to pay an additional twenty to twenty-five cents per ton for their coal. A conservative estimate as to the additional cost to the coal importer of Canada would be from $5,000,000.00 to $7,000,000.00 annually.

The additional market to the Dominion Steel and Coal Corporation, if they secured the whole of the 300,000 tons mentioned (which is doubtful) would mean about twenty extra days work per year to the coal mining industry of Cape Breton.

The fixing of border prices for United States coal entering Canada would not provide a solution. Exporters could quite easily invoice coal at $1.50 per ton and reimburse Canadian importers by the rebate system. It would be a most difficult order to enforce and would hardly receive the support of the Labour Department who are diametrically opposed to price fixing.

2."Include the Railways under present subvention.-- If both great railways would be induced to purchase their entire requirements of Canadian coal to points as far west as Toronto, this would probably account for a further 500,000 tons."

It is suggested that the Railways be included under the present terms of the Order in Council P.C. 539 whereby assistance is granted of one-fifth of a cent per ton per mile on coal moving to competitive points ex St. Lawrence ports.

This proposition does not appear to offer any tangible results, as, at the present time the railways are buying coal at Ottawa and Brockville one dollar per ton less than quoted prices of Nova Scotia coal. A subvention under the terms of P.C. 539 would amount to twenty-three cents per ton which still leaves an attractive balance in favour of the U.S. product.

To grant a subsidy on Nova Scotia coal as far west as Toronto would mean that the Government would be called upon to pay at least $2.00 per ton assistance to place Nova Scotia coal on a laid down price parity with United States coal at that point.

Importations of U. S. bituminous coal in the Toronto-Kingston district amount to 2,000,000 tons annually. The diversion of 500,000 tons of this market to Nova Scotia coal could not be accomplished without material assistance in the form of subsidies or assisted freight movements. Replacement of U. S. importations as far west as Belleville which amount to nearly 200,000 tons could not be carried out at less than $1.00 per ton assistance.

3."Advance National Fuel Policy.- Having in mind the movement of Eastern coal as far west of Montreal as possible we propose in order to obtain prompt consideration of this matter that a round-table discussion should be held at which a representative of the Canadian National Railways and Canadian Pacific Railway, a representative of the Eastern Coal Industry, which meeting should be presided over by a representative of the Government who might be Chairman of the Dominion Fuel Board."

The answer to this question is that if the Government prohibited in toto the importation of U. S. bituminous coal into this territory or by means of assistance made the price of Nova Scotia coal sufficiently attractive to the Railways then there would be a possibility of replacement. Why the territory west of Montreal is selected as a fertile ground for this inspiration is not clearly understood. East of Montreal where the market is certainly more contiguous to the eastern coal industry there is a large amount of U. S. bituminous coal coming in each year. In 1929 the importations of U. S. bituminous coal entered for consumption in the Province of Quebec alone amounted to no less than 1,242,000 tons;

New Brunswick imported 75,000 tons and Nova Scotia 14,000 tons. Here is where logical and economic replacement might be extended with profitable results.

4."Enlarge the boundary for the winter rate to points east of and including Belleville, North Bay and Kapuskasing."

The same argument as given for number three would apply to this suggestion for the enlargement of boundaries or extension of territory. It might be well to analyze the reasons why considerably more than 1,000,000 tons of U.S. bituminous coal enters a more adjacent and logical market for Nova Scotia coal before authorizing assistance to points which would prove infinitely more expensive than those nearer the source of supply.

Conclusion:

The suggestions made are analogous to those arguments set forth from time to time by Alberta operators, i.e., that the Province of Ontario is a logical outlet for their domestic coal. After three years trial it has been proven that under existing conditions they cannot compete with coals already being marketed in Ontario. The same applies to Nova Scotia coal passing certain definite boundaries. Again the Alberta operators overlooked a most attractive market in Manitoba when overreaching to Ontario, likewise it would appear that Nova Scotia interests are overstepping attractive outlets when reaching to points such as are mentioned.

In slightly under two and a half years the coal industry of Nova Scotia has moved with the assistance of P.C. 539 some 635,000 tons of coal at a cost to the Government of nearly $400,000.00; all of which moved to competitive territory.

Respectfully submitted,

F. G. Neate,
Secretary."

For a further review of the Dosco submission at that time it is suggested that the briefs (two in all) prepared and presented by the Dominion Steel and Coal Corporation be given further study.

It will be noted that after considering all matters, the Government by Order in Council P.C. 2256 extended the provisions of the existing Order in Council P.C. 539 for a further period of one year.

A further submission by the President of Dominion Steel & Coal Corporation to the Minister of Mines under date of March 4, 1931, is set out below. A month later P.C. 539 was cancelled and Order in Council P.C. 1300 of May 30, 1931, was promulgated.

"Hon. Wesley Gordon,
Minister of Mines,
Ottawa, Ont.

My dear Mr. Gordon:

Further to our conversation of last Thursday I enclose herewith memorandum relative to the possible extension of the market for Nova Scotia coal.

As I expect to present this memorandum personally to you I will amplify it with any further information that you desire and discuss with you the suggestion that you were good enough to make of a joint conference with the Canadian Pacific Railway, the Canadian National Railways and ourselves.

With many thanks for your interest in this situation and with kind regards, believe me

Yours sincerely,

C. B. McNaught,
President"

The memorandum enclosed with Mr. McNaught's letter of March 4, 1931, is set out below:

" The mines in eastern Canada have a present capacity for the production of about 7,500,000 tons annually, and their present market is limited by competition with coal imported from the United States to a total of about 6,000,000 tons, leaving them idle practically one fifth of the time every year.

From information available it appears that there is imported annually about 2,500,000 tons into what the Fuel Board had termed the Eastern Region, which includes the Maritime Provinces, Quebec and that part of Ontario lying east of and including Kingston, Ottawa, North Bay and Cochrane. This tonnage may be roughly distributed as follows:

Industrial works	1,500,000 tons
Railways	600,000 "
Coke works	400,000 "

Competition of Nova Scotian mines for sales of any part of this industrial or railway tonnage is practically impossible at the present time in view of the relatively low cost of transportation from United States mines.

If means could be provided which would overcome the existing freight differentials and a plan devised which would give the Nova Scotian mines a footing in the part of the region most easily accessible through furtherance by rail, for a reasonable term - say six navigation seasons - they could within a short time increase their output by approximately 1,000,000 tons and by the end of the term should be in a position to market their full production, with a reasonable possibility of maintaining or increasing it without assistance.

It is estimated that an average of 50¢ per ton might be required to induce consumers to purchase Nova Scotian coal for use at points within the Eastern region not accessible by water transport.

As to coke works, the obvious way to meet competition with United States coals would be to amend the Domestic Fuel Act by removing the restrictive clause requiring the use of seventy per cent of Canadian coal."

A conference was held on March 12, 1932, in the office of the Prime Minister and a delegation headed by the late Colonel Harrington, Premier of Nova Scotia, explained to the Government the seriousness of the Nova Scotia coal situation. A memorandum, dated March 24th, 1932, to the Honourable the Minister of Mines from the Chairman of the Dominion Fuel Board dealing with possible additional markets for Nova Scotia coal is included for the record:

"Memorandum to:

The Honourable W. A. Gordon, K.C.,
Minister of Mines, Ottawa.

Re Additional Markets for Nova Scotia Coal

At the conference held in the Prime Minister's office on March 12, 1932, with Premier Harrington of Nova Scotia it was disclosed that a serious condition of unemployment prevails in the Cape Breton fields and that this condition would be aggravated with the application of the Duncan Commission's recommendations involving a ten per cent reduction in wages and the closing down of three pits.

It was indicated by Premier Harrington that a falling off in the markets for Nova Scotia coal in the St. Lawrence valley was reflected in a reduction in output in the Nova Scotia fields to the extent of over one million tons during the last year, and while assistance was now being given by way of subvention to Nova Scotia coal this was not sufficiently wide in its scope to allow of an expansion in the markets, particularly in the market for railway coal.

It was felt as a result of this conference that an effort should be made to meet the situation outlined and officers of the Dominion Fuel Board were instructed to make an investigation of the possible coal markets in Eastern Ontario and Quebec, determine the tonnage that might be obtained in these markets, the method by which this could be done and the cost of obtaining it.

This has been done, but it was only through the full co-operation of the officials of both railways and the Dominion Coal Company that results have been obtained.

The area covered by our investigation embraces the Province of Quebec and that part of the Province of Ontario served by the railway running from Montreal to Trenton, from Montreal through Ottawa and North Bay to Cochrane and also provides for a possible movement to Toronto terminals under certain conditions.

In this territory there was used in industrial operations and on the railways in 1931 some 2,500,000 tons of imported coal. The requirements for 1932 are estimated at about 2,000,000 tons of foreign fuel.

Into this same area Nova Scotia coal now penetrates under the subvention to a greater or less extent, but it would appear as if little more of the business could be secured without greater assistance because the principal remaining markets are the Canadian Pacific Railway, the Canadian National Railways, the Temiskaming and Northern Ontario Railway, LaSalle Coke Plant, certain industries which require a special quality of coal and other industries which are just outside the economic range of the present subvention.

It may be well to mention here that within the last year hydro-power has captured the market for 250,000 tons of coal, and that in the territory defined above 1,000,000 horse-power of hydro energy is being developed for which markets are not now in sight, and there is perhaps 2,000,000 horse-power more that can be developed. This constitutes one of the most serious situations that the Nova Scotia coal industry has to face.

Railway Coal:

We find that the consumption of coal by the railways for 1932 in the territory defined which might be supplied by Canadian coal is as follows:

Canadian National Railways	Tons
Total United States coal used	230,000
Total Canadian coal used	540,000
Total	770,000
Estimated cost displacing United States coal	$374,290.00
Estimated cost bonusing purchased Canadian coal	$400,700.00
Estimated cost of bonus to C.N.R.	$774,990.00

Canadian Pacific Railway

This railway uses United States coal exclusively therefore 100 per cent displacement as far west as the Ottawa-Smiths Falls division would amount to:

	Tons
Total United States coal used	373,990
Estimated cost of displacing same	$350,357.00
The total tonnage involved being	1,143,990
The total cost of both railways being	$1,125,347.00

Then again it might be pointed out that the amount estimated for the Canadian National Railways would be in excess of actual outlay necessary for this year due to some 200,000 tons of coal already on bank from last year's purchases. The amount required this year would be reduced by a like amount.

All this business cannot be secured for Canadian coal under existing conditions because these subventions

only apply to railway coal when an amount in excess of the three year average is used. Also even if the railways were placed on the same basis as industries with respect to the subventions, the assistance would not be great enough because the railways carry their own coal under an O.C.S. rate whereas industries pay the tariff freight rates.

In order to secure this business for Canadian coal there are two methods of proceeding, namely, (1) by increasing the tariff on imported fuel to at least $2.50 per ton, or (2) pay the railways the difference in the laid down costs of imported coal against that of Canadian coal.

For various reasons it appears preferable to adopt the latter course and to secure the revenue for this purpose from a source capable of bearing the burden.

Attached hereto is a suggested Order in Council which if adopted would make it possible for the coal companies to secure the railway business referred to above. Attention however should be drawn to the fact that the Canadian National Railway is now heavily stocked with Canadian coal and hence their requirements for 1932-1933 are small.

LaSalle Coke Plant:

This plant uses annually 400,000 tons of bituminous coal for coke making all of which has been imported from the United States. As a result of tests carried on under the observation of officers of the Department of Mines it is estimated that approximately 150,000 tons of Nova Scotia coal can be used in these operations. As this coal would have to be specially prepared by washing the estimated cost to the LaSalle plant is higher than that of imported coal by about $1.20 per ton. It will, therefore, be necessary to bonus the use of this coal to the extent of $1.00 per ton, and hence the cost to Government of securing this business for Canadian coal mines would be $150,000.00 per annum.

A draft bill providing for a bonus of $1.00 per ton on Canadian coal used in coke plants has already been submitted.

Industrial Coal:

The tonnage of United States industrial coal consumed in that area from Montreal to as far west as Trenton would approximate 400,000 tons. Such coal is used in preference to the Canadian product for certain definite reasons:

(a) A special quality of coal is required by the industry.

(b) Prices for United States coal are lower even with the present rate of assistance provided.

Although no accurate estimate is made here as to what the total cost of replacement would be by substituting imported coal with the Canadian porduct it may be conservatively averaged at $1.50 per net ton or a replacement cost of $600,000.00.

In the addition to the above 400,000 tons of coal for industrial purposes a further market is put forward, i.e., Toronto. Recognizing the proximity of the United States fields and convenient water transportation the Toronto-Hamilton market is not beyond the bounds of possibility when such points as Belleville and Cobourg are being considered.

Into this highly industrialized area last year there was imported over 2,500,000 tons of United States bituminous coal. Probably less than 50 per cent came in by water via Lake Erie ports.

It is thought that if provincial, federal and municipal buildings and institutions who use in this area upwards of 100,000 tons of United States coal annually changed to 100 per cent Nova Scotia coal, an additional market of an equal tonnage might be secured from similar industrial business.

It is again necessary to emphasize the very high differential obtaining at Toronto between United States and Canadian coal. The cost of Canadian coal at Montreal is higher than comparable United States coal alongside at Toronto. Therefore in addition to a necessarily cheap water rate direct from Sydney or Montreal to Toronto it may be convenient to also consider moving coal on an O.C.S. rate from Montreal to Toronto reimbursing the railways the difference between the low cost and the actual tariff.

Respectfully submitted,

Charles Camsell,
Chairman."

Under date of March 29, 1932, resolutions were adopted by many locals of the United Mine Workers of American at Little Bras d'Or and other points asking that the provision of the Order in Council be amended with a view to the smaller mines benefitting under the assistance provided.

Further draft recommendations to Council were prepared at the request of the Minister and the Chairman and Secretary of the Board attended a Cabinet meeting to discuss the proposed extension of P.C. 1300. Discussions centered around the problem of securing additional markets for Nova Scotia coal in order to improve employment conditions on the coal fields.

The net result of these discussions led to the passing of Order in Council P.C. 944 on April 26,1932, providing an outlet for Nova Scotia coal to the Montreal Coking Plant and the promulgation of Order in Council P.C. 1048 of May 9, 1932, extending the provisions of P.C. 1300 particularly to coal used by the railways. And two months later the terms of P.C.

1038 were amended placing railway coal on an all year basis instead of the November 15th to April 15th period in each year. A further amendment of November 22, 1932, by P.C. 2563, rescinded the proviso on railway coal making the assistance available on all coal purchased by the railways.

Early in January 1933 the question of widening the area in Quebec for subvention purposes was under consideration due to competition being encountered from British bituminous coals and the Minister concurred that these coals should be considered as being competitive.

Under date of March 27, 1933, the Chairman of the Board notified the Honourable W. A. Gordon, Minister of Mines, as follows:

"Memorandum to:

Hon. W. A. Gordon,
Minister of Mines,
Ottawa, Ontario.

Re Assistance to Coal for Railway Use
in Quebec and Ontario

Under the provisions of P.C. 1048 of 9th May, 1932, assistance to coal mined in the Maritime Provinces and sold for railway use at points in Quebec and Ontario is authorized up to a maximum amount of $2.00 per net ton.

The assistance thus provided has not induced the railways to purchase this Canadian coal for consumption at certain Ontario points, such as Belleville and Toronto, because of the difference between the laid down cost to the railways of the Canadian coal and imported coal being approximately $2.50 per net ton.

If it is the desire of Government to make available to the Maritime industry increased markets for railway coal, a suggested means of doing so would be to increase the amount of assistance by amendmant to the above noted Order in Council, making the maximum amount $2.50 per net ton.

In the light of information at hand this should enable Nova Scotia coal to be used by the railways at Ontario points which appear to offer a potential market for approximately 400,000 tons annually. This would necessitate a vote of $1,000,000.00 in the Supplementary Estimates.

A draft recommendation to Council is attached hereto.

Respectfully submitted,

Chairman."

This resulted in an amendment to the Order in Council P.C. 1048 increasing the maximum of assistance on coal purchased by the railways from $2.00 to $2.50 per net ton.

The further amendment of Order in Council P.C. 1048 by P.C. 415 of March 3, 1934, was caused by the Dominion Fuel Board reporting to the Minister of Mines that the cost of moving Nova Scotia coal to points such as Ottawa and Valleyfield could be reduced without limiting the movement to the amount of assistance which would be available on all rail movements. A saving in subvention payments by this change could be brought about, hence P.C. 415.

A review of subvention assistance was made on May 9th, 1934, due to the fact that the competitive position had been somewhat changed and code prices on United States coals had increased the cost of United States coal. My memorandum of May 9th, 1934, to the Board is set out hereunder:

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

Re Application of Subvention to New Brunswick Coals for Montreal and Border Line Points in Quebec

1. Owing to the new code prices established on United States coals, the base rate used in computing the laid down cost of United States slack for purposes of comparison with United States coal was set at $1.70 per net ton f.o.b. mine Westmoreland district as at May 1, 1934. Prior to that the base rate used during the early part of the year had been $1.25 per net ton.

2. During the season of closed navigation, all rail shipments from all New Brunswick and Nova Scotia collieries were at a disadvantage with American coal at Montreal, and hence were eligible for subvention. The comparison was as follows:

	Per Net Ton
U.S. slack f.o.b. mine	$1.25
Rail to Sodus	1.88
Water rate to Montreal (1933)	.65
Discharge, etc. (1933)	.35
Duty & Excise	.81
Laid down cost of U.S. slack at Montreal	$4.94

	Minto Slack	Coalburn	Springhill	Indian Cove	Glace Bay
F.O.B. Mine	$2.25 to $3.00	$2.70	$4.00	$2.50	$3.75
Rail rate	$2.60	3.30	3.28	3.80	4.05
Laid down cost	$4.85 to $5.60	$6.00	$7.28	$6.30	$7.80

3. The comparison was based upon U.S. coal brought in by water the previous summer and thus available ex stock piles throughout most of the winter. On the above basis all eastern Canadian coals were eligible for subvention, the $2.25 Minto slack being included also on the basis of the slight advantage shown being lost through the quality factor.

4. At the present time the competitive position is greatly changed through the incidence of changes in several factors which are as follows:

(a) Code price on U.S. slack increased from $1.25 to $1.70 effective for our comparisons May 1, 1934.

(b) Water rate on U.S. coal Sodus to Montreal reduced from 65¢ to 60¢ per net ton for the 1934 season.

(c) Excise tax increased, by reason of increased price of U.S. coal, from 6¢ to 7¢.

(d) Discharge and handling charges at Montreal taken at 30¢ for 1934 instead of 35¢ for 1933.

(e) Rail rate from Minto and Pennlyn to Montreal terminals on the C.P.R. was reduced from $2.60 to $2.40 effective March 5, 1934, but not advised to this office until May 7, 1934.

(f) There is a trend to lower prices for Minto and some Maritime coals.

5. The competitive position at the present time as altered by the above noted factors is as follows:-

	Per Net Ton	British Bituminous	Gross Ton
U. S. slack f.o.b. mine	$1.70	Slack f.o.b.	11/-
Rail to Sodus	1.88	Freight	6/-
Water rate to Montreal	.60	Duty & Excise	3/9
Discharge, etc.	.30		20/9
Duty & Excise	.82		
Laid down cost	$5.30		Net Ton
		20/9 @ $5.10	$4.73
		Discharge, etc.	.30
		Laid down cost	$5.03

	Minto Slack	Coalburn	Springhill	Indian Cove	Glace Bay
F.O.B. cars	$2.25 to $3.00	$2.70	$4.00	$2.50	$3.75
Rail rate	$2.40	3.30	3.28	3.80	4.05
Laid down cost	$4.65 to $5.40	$6.00	$7.28	$6.30	$7.80
Subvention rate	$0.83	$1.13	$0.98	$1.35	$1.40

6. Considerable quantities of Minto slack and Pennlyn slack (which takes the same rate to Montreal) are now being offered at $2.25 per net ton f.o.b. mines. This coal is laid down at Montreal as above at 65¢ under U.S. coal or approximately 40¢ under British coal, or differentials of 14 and 8½ per cent respectively of the laid down cost of the Minto slack.

7. It is well known that Minto and Pennlyn coals experience a quality basis disadvantage in competing with U.S. or Glace Bay coals. This is difficult to assess but has been taken on occasion at 10 per cent, although the C.P.R. claim a much higher disadvantage. It is apparent that upon a 10% quality disadvantage allowance Minto and Pennlyn cheap slacks might in some areas just be considered eligible on the basis of British competition, but not against U. S. competition.

8. Should Minto and Pennlyn be refused subvention, it will be noted that all Nova Scotia coals remain eligible on the present competitive basis, and business not available to Minto would tend to go to Nova Scotia collieries at higher rates of subvention. This situation existed prior to any subventions being granted, as evidenced by the large quantities of Nova Scotia coal used in New Brunswick then, as also now.

9. At other points and with other grades of coal it sometimes happens that, for instance, a coal from Glace Bay will be eligible but a coal from Springhill or from Coalburn will not be eligible for a given destination; such situations may occur where both coals are competing on an all-rail basis or where one coal can only be shipped all-rail and the other can be shipped by water, in the latter case becoming ineligible for subvention because of the cheaper transport available.

10. It has also happened that a coal quoted at a price at which it was eligible for subvention, has been lowered in price to meet competition and at the lower price is not eligible for subvention.

11. Cases occur in which slack would be ineligible but run-of-mine or screened, from the same mine, eligible.

12. These situations are difficult to explain to operators when they are advised of rejection of applications for subvention, and considerable adverse comment is aroused.

13. In the case of (8) the difficulty might be overcome by a ruling that a point acceptable for one Canadian coal on the current competitive bases should be acceptable for other Eastern Canadian coals. This would be open to the objection that it is interfering with the inherent advantages and disadvantages on a geographic basis, of the collieries concerned. It also presents difficulties in administration due to the numerous calculations involved to determine laid down costs for a number of different coals. If one mine were to offer a low grade of coal at a price lower than normal, exceptions would have to be made.

14. It may be noted that the rate of subvention now available on New Brunswick coal being 1/6th cent as compared with 1/7th cent on Nova Scotia coal all rail, a material

advantage is already provided for New Brunswick coal where it competes on an all-rail basis with Nova Scotia coal. New Brunswick coal for Quebec and Ontario also holds a freight rate advantage of from 88 cents to $1.65 per ton compared with Nova Scotia coals.

15. On the whole, therefore, the most equitable arrangement would appear to be to follow a strict interpretation of the wording of the Order in Council and base comparisons upon "the Canadian coal to be used", with some slight latitude in special cases close to the border line of acceptance, or where for abnormal reasons a low grade of coal is being shipped for a limited period.

Respectfully submitted,

F. G. Neate,
Secretary."

A draft recommendation to Council was prepared in the light of the changed conditions and, also, it was the desire to consolidate P.C. 1048 and amendments into one new Order in Council, P.C. 1119 of May 28, 1934 then came into being.

On November 8, 1934, the Chairman of the Board advised the Honourable W. A. Gordon, Minister of Mines, as follows:

"Memorandum to:

Hon. W. A. Gordon,
Minister of Mines,
Ottawa, Ontario.

Re: Proposed Amendment to Order in Council P.C. 1119

It is necessary to bring to your attention a situation now developing with respect to the administration of Order in Council P.C. 1119 of May 28, 1934, and especially with respect to Clause 4 of that Order which provides for assistance to the extent of one-seventh of one cent per ton per mile on coal mined in the Province of Nova Scotia and shipped by all-rail into Ontario and Quebec.

Since the stabilization of cola prices under the N.R.A. in the United States and particularly when coal begins to move all-rail from United States points to Canada, competition with Canadian coal will have lessened to such an extent as to make assistance to Canadian coal at one-seventh of one cent per ton per mile somewhat more than is necessary to meet competition at many points in Quebec.

The attached tabulated statement would indicate that if Section 4 of Order in Council P.C. 1119 were amended to provide assistance to points in the Province of Quebec at the rate of one-tenth of one cent instead of one-seventh of one cent per ton per mile a saving estimated at from $40,000.00 to $50,000.00 would be achieved during the balance of this year without the loss of any markets now held by Canadian coal.

I shall be glad to have your instructions as to whether or not an amendment to Order in Council P.C. 1119 should be submitted for the consideration of Council.

Chairman."

This suggestion was concurred in by the Minister, although there seems to be no record of any immediate change being made until Order in Council P.C. 870 of April 5, 1935, became effective.

On February 4th, 1935, I made for the Board an extensive review of the assistance provided for the movement of Nova Scotia coal and it might serve of interest to the Commission if copies were made available, the same is attached hereto.

From our files it would appear that I was instructed to attend a meeting in Montreal on February 16, 1935, to discuss with Messrs. Cross and Cameron of Dominion Steel and Coal Rorporation and Mr. H. P. Duchemin of Sydney certain proposals to amend Section 4 of P.C. 1119. My memorandum to the Chairman of February 18, 1935, and my comments are outlined hereunder:

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

The meeting held in Montreal on Saturday morning last, February 16th, was attended by Messrs. Cross, Cameron and Duchemin, the points under discussion being the proposed amendment to Section 4 of P.C. 1119.

I pointed out that it must be clearly understood that any amendment to the Order in Council should not in any way interfere with the regular established water movement during the season of navigation. This was agreed to by everyone present.

The acceptance of a price basis at the Nova Scotia mines was a more difficult matter to settle and we agreed to work out independently what might be considered a fair average for Cape Breton and Mainland collieries and submit same at an early meeting for further examination.

It is a little early to forecast what amount of coal might move under the proposed change and the question of allocating any winter movement to selected business will, I think, have to be studied at some length.

F. G. Neate,
Secretary."

" Subventions do not permit of any group to enjoy advantages over others.

Our effort is to balance all the factors involved and to establish equitable assistance among all collieries.

Difficulties have been demonstrated by experience and weaknesses brought to light which must be rectified.

The effect of increasing 1/7th to 1/5th would be to set going an uncontrollable production spree on the Mainland.

By their very nature the proposals put forward would hamper and disorganize the Cape Breton situation.

The proposals discussed and examined all seem to illustrate the fallacious principles which have been put forward by those not actually conversant with subvention administration and if made effective would only tend to increase the weaknesses of the present system.

The degree of unsettlement caused by various forms of competition from other fuels has to a large extent been counteracted by fixing the lowest competitive factor."

On May 17th, 1935, as instructed by the Board, I prepared a memorandum setting out the prices of Nova Scotia coal upon which subventions would be based. The memorandum is as follows:

"Memorandum to:

Board Members

At the last meeting of the Dominion Fuel Board you instructed me to fix and determine prices of Nova Scotia coal at the mine and submit same to the Board for consideration.

The amendment to Order in Council P.C. 1119 was passed on May 5, 1935. It instructed the Dominion Fuel Board to determine the difference in cost between United States coal and Canadian coal moved by all-rail from areas in Nova Scotia to consuming points in the Province of Quebec. During the period the amendment has been in effect we have had an opportunity of studying the method of determining such competition and I beg to report as follows:-

Taking as an example the Indian Cove Colliery in Cape Breton, the slack and run of mine prices f.o.b. mine are $2.25 and $3.50 respectively. The rail rate to Levis is $3.10, or a slack price f.o.b. Levis of $5.35. United States competition for slack at that point is determined at $5.18 which would authorize a subvention of 17¢ per net ton. Complaint has been made by the Indian Cove Colliery as to the rates available.

Under the old Order in Council the amount of subvention would be $1.13 per net ton.

The opposite to the above example would be a movement from the Dominion Collieries just a few miles away from

Indian Cove. Here the mine prices are $3.25 for slack and $4.00 for run of mine with a freight rate of $3.35. Therefore at Levis the amount of assistance under the present Order in Council for Dominion Collieries slack would be $1.42 per ton. Obviously this discrimination must be eliminated.

Present base prices of Nova Scotia coals f.o.b. cars at mines are:

Cape Breton Area	Slack	R/M	Screened
Bras d'Or	$2.25	$3.25	$4.50
Indian Cove	2.25	3.50	4.50
Inverness	2.00	4.25	4.50
Port Hood	2.25	3.25	4.50
Dominion (freight to Sydney 25¢)	3.25	4.00	4.50
Mainland Area			
Greenwood	2.50	4.25	4.50
Acadia	3.25	4.25	4.50
Springhill (freight to Springhill Junction 18¢)	3.25	4.25	4.50

Complaint has been made by Green wood Coal Company, due to the fact that their all-rail shipments to Quebec have been almost entirely slack on which they now get a lower subvention, or none at all.

The present base prices for all-rail shipments from Nova Scotia collieries are as quoted to this office by the operators.

The Independent mines shipping all rail have, in the winter, a good local market for their lump at very profitable prices. The railroads provide a market for most of their run of mine at prices probably somewhat below what a study of their cost statements would indicate were warranted. Slack is disposed of at prices far below cost, due to lack, locally, of burning equipment to handle it.

All-rail shipments of slack under subvention to industrial centres in Quebec have been useful as an outlet for a surplus product, so long as the subvention rates of $1.00 or better were available for slack to most of the Quebec centres.

Under P.C. 870, the low base prices of these slacks, as quoted by the mines, operate to reduce the subvention to nil in most cases, though a few spots draw small subventions, and one or two - such as Three Rivers, Hull and Chicoutimi - obtain, even for slack, subventions considerably in excess of those under P.C. 1119.

As the intention of the Orders in Council is doubtless to provide assistance where necessary on an equitable basis, it would appear advisable to base prices for purposes of computation of subvention, not upon the actual f.o.b. selling prices quoted by the operators, but upon the figures which might be considered reasonable in the light of the cost statements provided each year to the Board by the operators.

A study of these statements covering financial years ending during 1934, for those collieries shipping frequently to Quebec points, shows that on the basis of a price differential of 60 cents between slack and run of mine, and of 25 cents between run of mine and screened sizes, and after making a reasonable allowance for profit, fair selling prices would be as follows:

Cape Breton Collieries	Slack	R/M	Screened
Bras d'Or	$3.10	$3.70	$3.95
Indian Cove	3.09	3.69	3.94
Dominion	3.09	3.69	3.94
Scotia	3.97	4.57	4.82
Arithmetic average	$3.31	$3.91	$4.16
Mainland Collieries			
Greenwood	3.88	4.48	4.73
Acadia	4.69	5.29	5.54
Springhill	3.71	4.31	4.56
Arithmetic Average	$4.09	$4.69	$4.94

Net operating costs of the mainland group are on the average about 50 cents per ton higher than those of the Cape Breton group listed, but this - so far as the Quebec market is concerned - is compensated by the freight differential of 50 to 60 cents.

Other factors which must be considered are (a) current price differentials in the Quebec market, which are approximately 60 cents between slack and run of mine, and 23 cents between run of mine and screened; and (b) grade differentials between mines.

On balance it appears that (b) might be disregarded and the price differentials taken at 60 cents between slack and run of mine, and 25 cents between run of mine and screened. In consideration of their higher costs, a differential of 25 cents between the Mainland and Cape Breton price bases might be discussed.

The base prices suggested for purposes of subvention rate computation, in the light of the above, are as follows:

	Slack	R/M	Screened
Cape Breton Areas	$3.30	$3.90	$4.15
Mainland Areas	3.55	4.15	4.40

On this basis, subvention rates to a few representative points would be as follows: (These rates would apply to all mines on C.N.R. trackage. Dominion and Cumberland would carry 25 cents and 18 cents additional, to cover charges on privately owned lines.)

		Slack	R/M	Screened
Noranda	- Cape Breton	$0.86	$1.00	$1.06
	Mainland	.61	.75	.81
Montreal	- Cape Breton	2.00	2.00	2.00
	Mainland	1.85	1.85	1.87

		Slack	R/M	Screened
Quebec	- C. Breton	$1.24	$1.24	$1.26
	Mainland	.89	.89	.91
Sherbrooke	- C. Breton	.70	.70	.72
	Mainland	.35	.35	.37
Granby	- C. Breton	1.45	1.45	1.47
	Mainland	1.20	1.20	1.22
Thetford Mines	- C. Breton	.70	.70	.72
	Mainland	.40	.40	.42
Hull, Three Rivers, Chicoutimi	- C. Breton Mainland	2.00	2.00	2.00
Drummondville	- C. Breton	.70	.70	.72
	Mainland	.35	.35	.37
Valleyfield	- C. Breton	2.00	2.00	2.00
	Mainland	1.85	1.85	1.87
Beauharnois	- C. Breton	1.55	1.55	1.57
	Mainland	1.30	1.30	1.32

Whatever basis of subvention is adopted, so long as the rate is based upon differences in laid-down costs, it would appear advisable in order that operators may be enabled to take advantage of the assistance, to circularize the operators with the subventions available at say twenty or thirty representative points in Quebec.

The rates suggested closely equalize the subventions available for different sizes, simplifying administration and also computation of subventions by operators.

This memorandum and a copy of P.C. 870 are submitted for your consideration and will be the basis of discussion at the next board meeting on Tuesday morning, the 21st instant.

F. G. Neate,
Secretary."

On July 4th, 1935, the Vice Chairman and myself were instructed by the Chairman of the Board to attend a meeting of coal operators in Halifax. Our report to the Chairman of the meeting and those in attendance is as follows:

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

Re Meeting of Nova Scotia Coal Operators held at the Nova Scotian Hotel, Halifax, on Thursday, July 4th, 1935

At your request and accompanied by the Secretary, I attended at the Nova Scotian Hotel, Halifax, on July 4th, 1935, a meeting of Nova Scotia coal operators.

The object of the conference which had been called by the Secretary of the Fuel Board was to afford those present an opportunity of discussing with representatives of the Dominion Fuel Board, the provisions and administration of Order in Council P.C. 870 of April 5th, 1935.

The representatives of the operators attending are listed on the sheet which is appended hereto.

Acting as chairman I called the meeting to order at 11 o'clock a.m.

In explaining the purpose of the meeting I referred to the previous Order in Council which had provided assistance on the basis of one-seventh of a cent per ton per mile on the all rail movement of Nova Scotia coal to Ontario and Quebec with a maximum of $2.00 per ton; to the request which had been received by the Minister of Mines for a change in the rate of assistance from one-seventh of a cent to one-fifth of a cent per ton per mile, and to the provisions of the last Order in Council which provided assistance to the extent of the actual difference in 'laid down cost to the consumer' at point of delivery. I pointed out the difficulties with which the Fuel Board were faced in the administration of this Order in Council, particularly in the determination of 'the difference in laid down cost to the consumer' and of the arbitrary method which had been adopted by the Board in fixing prices for such determinations.

Protests had been received at Ottawa from some of the operators and those present were requested to express their views (1) as to whether or not they agreed to the principle laid down in the Order in Council as a basis for the determination of assistance to be granted and (2) with respect to the method of determining the 'difference in laid down cost to the consumer' which had been formulated by the Board; and to offer any suggestions which, in their opinion, would tend to overcome the recent criticisms with respect to its application.

Mr. McColl, representing the Inverness Colliery, stated that generally speaking the Independent Operators were not in favour of the present Order in Council, which provided assistance based upon actual competition between foreign and domestic coal. The fact that the assistance under the new Order in Council was in many cases considerably less than that provided under the one-seventh rate was in their judgment sufficient justification to ask that the assistance be changed back to the amounts authorized under the one-seventh cent rate. He also thought that with the variable prices at each mine it was somewhat difficult to fix a base price favourable to all and while in fact the assistance did permit of paying the difference in price between foreign and Canadian coal it had to be admitted that the quality factor could not be overlooked in marketing coal from many of the Independent Collieries. Criticizing the Government for changing or amending Order in Council P.C. 1119 without consulting the coal operators of the Province, Mr. McColl thought that it would be more desirable to have a full discussion of any proposed changes before putting same into effect and submitted this suggestion for Government consideration.

Mr. H. P. Duchemin who stated that he was interested in the coal industry as a whole pointed out that there was no organization in the Province which could speak for the Nova Scotia coal industry as a unit. He admitted responsibility for the brief to Government requesting that the one-seventh cent rate be raised to one-fifth of a cent and advised the operators present of the Government's attitude. After hearing the Government's position and having regard for the views and rights of the Ontario and Quebec consumers he felt that the principle of the present Order in Council was fair and just.

A somewhat lengthy discussion then took place between the operators as to the merits of the two plans of assistance and it was generally claimed the interests of the Nova Scotia operators were best served under the previous Order in Council which provided for the one-seventh cent rate, the chief reasons being that, (a) the new rates were lower, (b) the quality of coal was not taken into consideration and (c) it was somewhat difficult for the operators to do business when the amount of subvention in each and every case was not of immediate knowledge to them. Indeed considerable stress was laid by all the operators on the lack of stability in amounts and methods of assistance granted and of the difficulties thereby created in contracting for business.

Mr. Cunningham, representing the Victoria Colliery, complained regarding the Board's attitude in excluding the area of Levis-Quebec and east. He was strongly supported in this complaint by Mr. T. Hartigan of the Indian Cove Coal Company who informed us that he had accepted business based upon earlier subvention amounts authorized by the Board's Secretary. They pointed out that notwithstanding the fact that little or no American or British coal is now used or distributed in this particular area, such coals have been in the recent past an important competitive factor and may become so again. They further claim that due to existing distributive methods employed by the Dominion Coal Company and its agent, the Canadian Import Company, it has not been profitable to consumers generally to accept American or British bituminous coal offerings. The Board was requested to give sympathetic consideration to their request to reopen at least the cities of Levis and Quebec and permit them to ship with subvention privileges to these two points.

Mr. H. J. Kelley, representing the Dominion Coal Company, stressed the necessity of first supplying the requirements of the local Nova Scotia market before extending movements of Independent Collieries to the more competitive market in the Province of Quebec. He pointed out that the coal market in Nova Scotia was at present being exploited not only by British and American bituminous coal but also by a large amount of fuel oil, which exploitation in his opinion amounted in the aggregate to considerably over 200,000 tons of coal annually. It was generally agreed that the local market was of considerable value to Independent Operators who were without water transportation facilities and it was the unanimous opinion of those present that further representations should immediately be made to the proper authorities with a view to securing their aid in endeavoring to lessen the competition above referred to.

As a result of the discussion I found that the operators present desired, if possible, to obtain a fixed rate of assistance for a period extending to the end of the present fiscal year. The base price set by the Board was considered fair by all the Independents but was not agreed to by representatives of the Dominion Coal Company who argued that their f.o.b. mine prices were in excess of those set by the Dominion Fuel Board. There was a general objection taken to the subvention reductions and while agreeing that a change to the former rates would probably not be favourably considered by Government they wished formally to place on record their objection to the reduction.

It was quite evident that one of the main causes of complaint was the fact that the Dominion Coal Company with their distribution facilities were able to undersell coal shipped by Independent collieries (all rail) to many points in the Province of Quebec. This is particularly so at Levis and Quebec; the Independent operators maintain that they should be put on the same footing of competition with water-borne Nova Scotia coal rather than on a price competition basis with United States coal.

In summing up the situation I pointed out the reasons which in my judgment prompted the Government to change the method of assistance authorized on all rail movements of coal from Nova Scotia to points in the Province of Quebec, viz.: that in many instances the assistance authorized under the one-seventh cent rate was was considerably in excess of actual marketing competition. The principle of a subvention equivalent to the difference in "laid down cost to the consumer" had been found to work with reasonable satisfaction in the case of "railway coal" and was not in the present Order in Council being tried out in industrial coal. The operators in reply had claimed that a subvention in excess of the difference in laid down cost was necessary to enable their coal to meet American competition on a quality basis, but as against this I pointed out that the arbitrary methods employed by the Board to determine "difference in laid down cost to the consumer" was distinctly favorable to the independent operator and to a very considerable extent met this quality basis problem. I suggested that any representation which the operators might wish to make on the general principle of subventions should naturally be made direct to Government. The operators in reply were frank to admit that the subvention, even if more than the difference in cost, was necessary to enable their coal to meet other fuels on a quality basis.

The net result of the meeting was that the operators asked the Dominion Fuel Board to continue in effect until March 31, 1936, the present rates of subvention determined by the Board as at May 27th last. They also requested a removal of the restriction placed on Levis and Quebec for the reasons above outlined. The operators also took advantage of the meeting to agree among themselves to the following:

(a) To co-operate with the Board to the fullest extent and to maintain insofar as possible existing market prices when shipping to points in the Province of Quebec.

(b) To set and maintain uniform prices at the mines which will enable them to obtain a better realization for their slack coal.

(c) To set up without delay a selling agency which will be responsible for the orderly marketing of all coal produced by the Independent Operators.

While it may be somewhat optimistic to expect that all the difficulties were satisfactorily ironed out, the meeting undoubtedly did much to clarify certain opinions formed by some of the operators to the effect that the Board was not entirely sympathetic to their problems. It also seemed to indicate to the operators the desirability of more frequent conferences amongst themselves for the purpose of discussing their domestic marketing problems.

I advised the representatives that the question of determining the status of the cities of Levis and Quebec with respect to subvention privileges would be referred to the Board for consideration.

Respectfully submitted,

John McLeish,
Vice-Chairman"

Representatives present at Coal Operators' Meeting

H. J. Kelley	representing	Dominion Steel & Coal Corp. Ltd.
M. W. MacDonald	"	" " " " "
H. P. Duchemin	"	Nova Scotia coal industry gen-
John MacGregor	"	Acadia Coal Company erally
D. Sinclair	"	" " "
A. McColl	"	Inverness Coal Company
Wm. Maxwell	"	Intercolonial Coal Company
J. G. Johnstone	"	" " "
J. Cunningham	"	Victoria Coal Company
H. B. McCulloch	"	" " "
J. W. MacLeod	"	Greenwood Coal Company
T. Hartigan	"	Indian Cove Coal Company
S. E. Elkin	"	" " " "
W. A. Fox	"	Shore Coal Company"

A summary of this report was sent to the Honourable W. A. Gordon, Minister of Mines, under date of July 18th, 1935:

"Memorandum to:

Hon. W. A. Gordon,
Minister of Mines,
Ottawa, Ontario.

At the request of certain coal operators in Nova Scotia I had Messrs. McLeish and Neate attend a meeting in Halifax on July 4th to discuss with representatives of the coal industry certain matters pertaining to all rail shipments from Nova Scotia mines to the Province of Quebec.

From time to time the question has arisen as to whether or not certain points in the Quebec area are actually competitive within the terms of the Order in Council. Where it has been found that competition with foreign coal has ceased to exist the point has been withdrawn and assistance discontinued.

At the Halifax meeting some criticism was directed to the Board in the action it had taken in withdrawing Levis-Quebec and points east from the benefits of subvention assistance. They also requested that the amount of assistance should remain in effect until March 31, 1936.

These matters were discussed at a recent meeting of the Dominion Fuel Board and it was decided to notify the operators that, in the case of Levis - Quebec and points east, the Board would not be justified in granting assistance under existing competitive conditions.

As to continuing the present subvention rates in effect until March 31, 1936, the Board were agreed that as there were so many variables in the competition equation it would not be possible to fix either minimum or maximum amounts for any definite period.

The above is submitted for your information.

Chairman"

On November 19th, 1935, the Minister of Mines notified the Chairman of the Board that certain representations had been made asking for increased subventions more particularly for the Independent Operators. A reply from the Chairman under date of November 22nd, 1935, is as follows:

"Memorandum to:

Honourable T. A. Crerar,
Minister of Mines,
Ottawa, Ontario.

Assistance authorized by Government on all rail movements of coal from Nova Scotia to points in the Province of Quebec:

Present Assistance

Order in Council P.C. 870 of April 5, 1935, authorizes assistance to the movement of coal mined in the Province of Nova Scotia and shipped all rail to points in the Province of Quebec. The amount of assistance payable in each case is the difference between the laid down cost to the consumer of coal mined in Nova Scotia and the cost at the same points of imported coal that would otherwise be used, the maximum in any case not to exceed $2.00 per net ton.

Further the difference of laid down costs is determined by the Dominion Fuel Board.

Requested Revision

Representations have been made to the Dominion Fuel Board on behalf of the Nova Scotia Coal Producers Association to have the rate of assistance increased, claiming that the base price set on Nova Scotia coal at the mines is too low, on screened coal the Board having set a base price of $4.35 per net ton f.o.b. mines. The request from the independent operators being to increase the price to

not less than $5.00 per ton, this would automatically increase the amount of assistance by 65¢.

The granting of an all rail assisted rate on Nova Scotia coal to points in the Province of Quebec was adopted as a matter of Governmental expediency or policy and, with the exception of the all rail movement to Noranda, cannot be justified as being sound economically.

The bulk of Nova Scotia coal consumed in Quebec is moved by water to St. Lawrence ports and thence transshipped inland to consuming points within the Province; coal so moved is not generally in competition with imported coals due to the cheaper method of transportation.

Independent operators endeavoring to expand their market have, with few exceptions, no water shipping facilities and therefore ship all rail on tariff rates. This latter method not only brings the coal into competition with imported coals but also with the more cheaply transported Nova Scotia coal from the same areas.

The Dominion Fuel Board is authorized under the abovementioned Order in Council to grant such assistance as competitive conditions may warrant and, while at the moment we are seriously considering raising the price of Nova Scotia screened coal to $5.00 f.o.b. mines, we have refrained from actually making this higher rate of assistance effective until you have had the opportunity of reviewing the whole question of all rail assistance.

I am of the opinion that if such assistance is to be continued it would be advisable to place same on a straight mileage per ton basis obviating the necessity of the Board in determining competition at numerous points within the Province. An amendment to the existing Order in Council would be necessary.

Chairman"

During February 1936 both the Nova Scotia and New Brunswick coal operators requested the Government to give wider application to the subvention assistance then in force, they were informed that the matter would be submitted to the Fuel Committee of the Cabinet for early consideration.

This was followed by a resolution adopted by a Provincial Conference of mayors, the wardens of the municipalities, representatives of the Boards of Trade and the United Mine Workers of America at a meeting held on March 6, 1936, and a brief from the Provincial Minister of Mines to the Dominion Fuel Board.

A memorandum from the Chairman of the Dominion Fuel Board to the Honourable T. A. Crerar, Minister of Mines, dated April 7th, 1936, is set out indicating that certain draft recommendations to Council were prepared but not submitted.

"Memorandum to:

Hon. T. A. Crerar,
Minister of Mines,
Ottawa, Ontario.

Proposed New Assistance to Coal Movements from Nova Scotia

There are several changes in the new draft recommendations to Council, some of which may cause concern but generally speaking the assistance outlined should be sufficient to meet foreign competition.

(1) No assistance is authorized on waterborne coal from Nova Scotia to St. Lawrence ports and thence transshipped inland to points in the Province of Quebec.

This assistance has been gradually discontinued due to decreasing competition. Payments on this particular movement in the past have been as follows:

Calendar Year	Tonnage Moved	Cost to Government	Cost per Ton
1928	46,552	$ 7,088.00	15¢
1929	140,785	35,367.00	25¢
1930	210,386	67,219.00	32¢
1931	233,697	74,570.00	32¢
1932	187,546	66,296.00	35¢
1933	204,733	67,885.00	33¢
1934	32,254	8,132.00	25¢
1935	27,066	7,516.00	28¢

(2) The changed assistance on all rail movements from Nova Scotia to points in the Province of Quebec serves to ease the administration and places the basis of assistance on regular tariff freight rates rather than on the somewhat unsatisfactory method of determining assistance on cost differences.

It is pointed out that while a percentage reduction of the freight rate is applied to all rail movements in the Province of Quebec, the per ton per mile method has been retained on all rail movements to the Province of Ontario.

Payments on this particular movement for the past few years have been as follows:

Calendar Year	Tonnage Moved	Cost to Government	Cost per Ton
1928	25,572	$ 49,866.00	$1.95
1929	78,833	153,726.00	1.95
1930	66,932	130,516.00	1.95
1931	69,386	128,846.00	1.86
1932	69,248	112,761.00	1.63
1933	69,690	114,074.00	1.64
1934	178,301	258,294.00	1.45
1935	57,700	103,559.00	1.79

The greater portion of this all rail movement is Dominion Coal Company. In 1934 it represented 78% of the total and last year it amounted to 94%.

Last year's expenditure would have been $91,068.00 under the scheme now proposed, i.e. a 30% reduction of the freight rate.

(3) On coal carried by water transportation west of the Island of Montreal the assistance at present in force is equal to the rail subventions up to a maximum of $1.00 per ton. After due consideration it is suggested that the maximum be increased to $1.50 per net ton, so that both the water movements and rail movements are assisted at equal rates in the Toronto-Oshawa area.

Movements under this particular section of the Order in Council have been as follows:

Calendar Year	Tonnage Moved	Cost to Government	Cost per Ton
1932	74,196	$ 74,196.00	$1.00
1933	141,868	141,868.00	1.00
1934	147,968	109,088.00	.74
1935	134,361	110,267.00	.82

(4) Assistance on coal purchased by the railways for their own use is not changed. It is pointed out, however, that on railway coal delivered to points in the Province of Quebec, it would not be possible to justify assistance if competition were calculated on coal originating in the U.S.A.

Other movements authorized under the existing Order in Council P.C. 1119 remain the same.

On all rail movements the competitive factor does not now need to be considered. The points in Quebec to which all rail movements may be permitted are defined geographically.

Charles Camsell,
Chairman"

A further memorandum from the Chairman of the Dominion Fuel Board to the Honourable T. A. Crerar, under date of July 21st, 1936, is also given:

"Memorandum to:

Hon. T. A. Crerar,
Minister of Mines,
Ottawa, Ontario.

Re: Proposed Changes to Existing Order in Council Authorizing the Movement of Nova Scotia Coal to the Quebec & Ontario Markets

(1) It is not proposed to grant assistance on water-borne coal to St. Lawrence ports which is moved inward to points in the Province of Quebec. Canadian coal so moved should be able to meet foreign competition under existing competitive conditions.

(2) No changes are contemplated in the assistance on coal moving from St. Lawrence ports by rail to Ontario points.

(3) It is proposed to change the assistance on all-rail movements from Nova Scotia mines to points in the Province of Quebec; the change will considerably ease the administration and will place the basis of assistance on regular tariff freight rates, rather than upon the unsatisfactory method of determining assis-

tance on cost differences. Assistance based on a percentage reduction in the freight rate is considered more satisfactory.

(4) While a percentage reduction of the freight rate is applied to all-rail movements from Nova Scotia to the Province of Quebec, the per ton per mile method of assistance has been retained on all-rail movements to the Province of Ontario.

(5) On coal carried by water transportation west of the Island of Montreal, the assistance at present in force is equal to the all-rail subventions up to a maximum of $1.00 per net ton. After due consideration it is suggested that the maximum be increased to $1.50 per net ton, so that both the water movements and the rail movements are assisted at equal rates in the Toronto-Hamilton area.

(6) The proposed changes embodied in attached Recommendation to Council will leave the Nova Scotia coal industry in as good a position in the Province of Quebec, and will undoubtedly increase the market for Nova Scotia coal in the Province of Ontario.

Charles Camsell,
Chairman"

These representations resulted in the promulgation of Order in Council P.C. 1862 of August 4th, 1936. It will be noted that movements ex St. Lawrence ports railed inland to points in the Province of Quebec would not be eligible for assistance as competition had lessened to a degree where Canadian coal could compete without aid. On all rail movements from Nova Scotia to the Province of Quebec, the assistance was to be a percentage reduction of the freight rate rather than determining the difference in the laid down cost of United States and Canadian coal. To meet competition of United States bituminous coal in the more distant lake ports the maximum subvention on waterborne coal moving westward from Montreal was increased from $1.00 to $1.50 per net ton.

The Order in Council continued in effect until 1938 but was examined from time to time to see its effect on the general situation and an examination made on June 16th, 1937, sets out the following situation:

"Memorandum Re:

Changes in Assistance Granted to the Maritime Coal Industry in August, 1936

1. Nova Scotia Coal

The changes made in rates of assistance under Order in Council P.C. 1862 of August 4, 1936, are indicated hereunder:- Changes are underlined.

	Old Rates (P.C. 1119 & 870)	New Rates P.C. 1862
By water to Montreal and lower St. Lawrence Ports	No assistance	No assistance
Ex St. Lawrence Ports to points in Quebec	1/5¢ per ton mile	No assistance
Ex St. Lawrence Ports to points in Ontario (Hull, P.Q., included under new rates)	1/3¢ per ton mile (Limit $1.50) per ton	1/3¢ per ton mi. (Limit $1.50) per ton
By water west of Montreal	1/3¢ per ton mile (Limit $1.00) per ton	1/3¢ per ton mi. (Limit $1.50) per ton
Coal forwarded by rail to Ontario from shipments water-borne to west of Kingston, Ont.	1/3¢ per ton mile (Limit $1.00) per ton	1/3¢ per ton mi. (Limit $1.00) per ton
All-rail shipments to Quebec (Hull, P.Q., excluded under P.C. 1862)	Difference in laid down cost (Limit $2.00) per ton	30 per cent of freight rate. No limit
All-rail shipments to Ontario (Hull, P.Q., included under P.C.1862)	1/7¢ per ton mile (Limit $2.00) per ton	1/7¢ per ton mi. (Limit$1.50) per ton
Railway coal to Quebec and Ontario	Difference in laid down cost. (Limit $2.00) per ton	Difference in laid down cost. (Limit $2.00) per ton
General	Canadian coal could only receive assistance when at a disadvantage in competing with foreign coal	No restriction as to competitive position

2. New Brunswick (Coal moves by rail only)

	P.C. 951 of May 30, 1933	P.C. 1861 of Aug. 4, 1936
Shipments to Quebec	1/6¢ per ton mile (Limit $1.50) per ton	30 per cent of freight rate. No limit
Shipments to Ontario	1/6¢ per ton mile (Limit $1.50) per ton	1/6¢ per ton mi. (Limit $1.50) per ton
Railway coal to Quebec and Ontario	1/6¢ per ton mile (Limit $1.50) per ton	Difference in laid down cost. (Limit $2.00) per ton

3. Coal for Coking

P.C. 944 of April 26, 1932, provides assistance, based on the difference in laid down cost of the Canadian coal and the foreign coal that would otherwise be used, up to a limit of $1.00 per ton. It applies to any coke or gas plant but not to coal made into coke used for the melting or smelting of metals.

No change has been made in this assistance.

Domestic Fuel Act (1927)

Assistance to by-product coking plants up to $1.00 per ton of Canadian coal used provided at least 50 per cent of Canadian coal is used.

Expired for new business in 1932, three plants (Halifax, Quebec and Vancouver) now operating under benefit of the Act. No changes in rates of assistance.

4. Reasons for Changes

The changes made in August 1936 were made by Government in conformity with and in continuation of the policies of Government expressed from time to time since 1928 in the preamble to the Orders in Council.

Broadly the aim has been to assist Canadian coal to reach markets in Quebec and Ontario in which the Canadian coal was at a disadvantage in competing with foreign coal. In this way assistance is paid only where it is needed to obtain the business for Canadian coal, and, within limits, the assistance provided is designed to be only sufficient to place a Canadian coal, irrespective of source, in a position to compete on even terms with foreign coal.

In the Western fields, owing to the simple competitive situation in Manitoba, these aims have not been difficult of fulfillment.

In Ontario and particularly in Quebec the competitive situation is exceedingly complicated and subject to seasonal variations. Sources of competition in the U.S.A. are many and varied both as to quality of coal and location. European and even Asiatic sources of competition appear from time to time, the intensity of the competition varying with changes in world conditions.

The whole situation is further complicated by the nature of the organization of the Maritime coal industry, whereby Dominion Coal Co. and its three affiliated or subsidiary companies mine approximately 90 per cent of the Nova Scotia production and are so located and equipped as to be able to use cheap water transportation to St. Lawrence ports, whereas the eight or ten small independent companies are (with one exception) without water facilities and consequently confined to local trade and such business as could be obtained by rail shipment.

Under P.C. 870, which provided assistance on such all-rail shipments on the basis of the difference in laid-down costs of Canadian and foreign coal at points in Quebec, it was necessary to agree uniform base prices of Canadian coal, since obviously it would have been inequitable to provide varying differentials to mines using the same shipping point.

Prior to this Order in Council (which became effective in April 1935) all-rail shipments to Quebec and Ontario had received assistance for some time at 1/7 cent per ton mile.

Subjoined is a brief tabulation showing the actual assistance that was provided during the two preceding periods and those in force at the present time.

In the summer of 1936 it became apparent that with changes in the foreign competitive situation and changes in the actual f.o.b. mine prices being quoted by Canadian mines as compared with the base prices adopted under P.C. 870, as above noted, the assistance being provided to all-rail shipments of coal was in most cases in excess of that required to meet foreign competition. This was particularly evident in the territory adjacent to the St. Lawrence which was served largely by Canadian coal waterborne to St. Lawrence ports and for which no assistance was or is being paid (with the exception of some coal for railway use at Levis, P.Q.)

The effect was that Canadian coal moved all rail to these districts was being bonused to meet Canadian coal waterborne to the same districts and to the extent to which such movements took place the policy of Government was being frustrated in that the Canadian coal so binused was not displacing foreign coal. On the average no addition was being made to employment in Canadian mines though it tended to change the incidence of employment from those mines with water shipping facilities to those without such facilities.

During the calendar years 1932 to 1936 and the first four months of 1937 all-rail subvention shipments to Montreal separately and to the Provinces of Quebec and Ontario were as shown in the attached tabulation.

From the tabulation referred to it is apparent that so far as the independent collieries are concerned the reduction has had no adverse effect except in the Montreal market and a few points in the St. Lawrence area.

Any adverse effects are more than compensated by agreements under which the Dominion Coal Co. took over, from certain independents who had surplus tonnages available, considerable tonnages for resale, paying the prices f.o.b. mines which these mines had been obtaining for business in Quebec Province.

The present arrangement is working smoothly, is saving the Government very considerable sums of money, is losing no unnecessary business to foreign competition and is more easily and equitably administered."

Total Shipments of Nova Scotia Coal to Quebec & Ontario
Under Subvention

	Independents		Dominion	
	Net Tons	Dollars	Net Tons	Dollars
1932	6,434	7,367.15	701,507	536,069.15
1933	7,043	8,201.55	1,377,225	1,272,021.29
1934	10,454	12,847.21	1,737,550	1,674,603.57
1935	12,938	20,257.76	1,575,364	1,469,154.61
1936	24,079	37,075.29	1,657,296	1,536,346.80
1937 (4 mos.)	7,034	7,636.12	401,690	474,976.61

Movements of Coal All Rail by Independents

			Net Tons	Dollars
1935	Into	Montreal	6,198.10	10,919.88
		Quebec	959.10	1,522.62
		Other	5,780.71	7,815.26
1936		Montreal	12,065.53	21,610.88
		Quebec	1,471.05	1,842.24
		Other	10,463.35	14,527.74
1937 (to Apr. 30th)		Montreal	1,548.90	1,751.08
		Quebec	844.35	736.61
		Other	4,640.25	5,148.43

On October 24th the Fuel Committee of the Cabinet met to consider the coal situation in the Dominion. They were advised that if the present subventions on Nova Scotia coal were increased eventually an additional 500,000 tons could be moved to additional markets at an estimated cost of $875,000. A press release of October 27th, 1938, informed the public that the matter of increasing the consumption of Canadian coal was receiving careful consideration by the Government. A further press release by the Honourable J. L. Ilsley of November 4th, 1938, stated:

> " The Honourable J. L. Ilsley announced today that the Government had given approval to increasing assistance on movements of Nova Scotia coal shipped from that province to the Ontario market. The decreased coal production in Nova Scotia and consequent slackening off of

employment in the mines has received the sympathetic consideration of Government, and with a view to meeting the present competition encountered from imported bituminous coal in Ontario, subventions on Nova Scotia coal have been increased to meet this situation.

The maximum in most cases has been increased from $1.50 to $2.00 per net ton, although assistance on coal for railway purposes has been increased from a maximum of $2.00 to $2.50 per ton which is now equal to the subvention allowed on Alberta coal moving to the Ontario market."

This referred to Order in Council P.C. 2789 of November 8th, 1938.

A memorandum from the Deputy Minister of Mines (Chairman of the Dominion Fuel Board) addressed to the Honourable T. A. Crerar under date of May 5th, 1939, indicated proposed changes to P.C. 2789:

"Memorandum to:

The Honourable T. A. Crerar,
Minister of Mines & Resources,
Ottawa, Ontario.

Re: Proposed Amendments to Order-in-Council P.C. 2789 of November 8, 1938

The attached recommendation to Council implements the decision reached by the Fuel Committee of the Cabinet at their meeting of April 24th in respect to the reduction in the rate of assistance provided for the rail furtherance of movements of waterborne coal to points in Ontario, west of the Island of Montreal, when transshipped to points in Ontario west of Kingston.

This amendment reduces the total assistance available under Sections (5) and (6) from $3.00 per ton to $2.50: This maximum will be the same as the flat rate of $2.50 applicable to all Alberta coal moving under Order in Council P.C. 740 to Ontario.

The points chiefly affected by the amendment will be Kapuskasing where the present rate of assistance under Section (6) is 98 cents and a few points in north central Ontario where present rates are a few cents over the 50 cent maximum proposed.

Clarabelle (International Nickel) is not affected for this season in that its contract with the Canadian supplier is covered by the Ministerial ruling of March 21, 1939, limiting the assistance to $2.00 per net ton for the combined water and rail movement.

Including the Gatineau and Timiskaming points in the Province of Quebec, in addition to the City of Hull, will provide an additional outlet for Nova Scotia coal should the two plants of the Canadian International Pulp and

Paper Company turn from electrical energy and foreign bituminous coal at present being used.

Respectfully submitted,

Deputy Minister."

These were embodied in a new recommendation to Council and passed as Order in Council P.C. 1166 of May 22nd, 1939.

Early in September 1939 the premium on United States exchange had the effect of increasing the cost of United States coal from 25 cents to 50 cents per ton and the situation was being carefully watched to correct the situation should conditions warrant.

It became evident that it would be necessary to amend Order in Council P.C. 1166 and a draft recommendation to Council was prepared rescinding both P.C. 2789 and P.C. 1166 and:-

(a) One seventh of one cent per ton in Section 3 remained but the maximum assistance was reduced from $2.00 to $1.50.

(b) In Section 4 the 4.5 mill rate was reduced to one third of one cent per ton per mile and the maximum was reduced from $2.00 to $1.50.

(c) Section 5 - same as (b) above.

(d) Section 6 - the 4.5 mills were reduced to one third of one cent. The maximum of 50 cents per ton remained unchanged.

(e) Section 7 - Railway coal was eliminated from any assistance in the Province of Quebec but Ontario movements were not changed.

These suggested changes were approved and Order in Council P.C. 3969 of December 5th, 1939, was passed.

Any Order in Council passed subsequent to P.C. 3969 of December 5th, 1939, would be for the purpose of providing greater flexibility or to meet conditions occurring due to the war.

NEW BRUNSWICK

The movement of New Brunswick coal under assisted rates did not materialize to any great extent until 1934, prior to that time the annual movements amounted to 36 tons in 1930 and 1,195 tons in 1932; these were the high and low range from 1928 to 1933. In 1934 10,000 tons moved under the assistance provided by Order in Council P.C. 951 of May 30th, 1933.

On July 29th, 1936, the Chairman of the Board wrote the Honourable Minister of Mines as follows:

"Memorandum to:

Honourable T. A. Crerar,
Minister of Mines,
Ottawa, Ontario.

New Brunswick

The present Order in Council, P.C. 951 of May 30, 1933, authorizes assistance at the rate of 1/6 of 1 cent per ton per mile on movements of coal from New Brunswick to points in the Provinces of Quebec and Ontario.

It is now proposed to provide a 30% reduction in the freight rate to a certain defined area in the Province of Quebec, which amounts to almost exactly 1/6 of 1 cent per ton and at the same time it conforms to the amount provided for Nova Scotia to the same area.

The Ontario assistance remains the same as in the existing Order in Council.

Provision is made for railway coal to be assisted on the same basis as that provided for Nova Scotia. It is not anticipated advantage will be taken of this particular section.

The competitive factor is not now considered. The points in Quebec to which movements may be permitted are defined geographically."

This resulted in the promulgation of Order in Council P.C. 1861 of August 4th, 1936, which still remains in effect.

As will be noted only five Orders in Council in all were passed governing the movements of New Brunswick coal.

SASKATCHEWAN

The assistance to the Saskatchewan lignite field authorized in June 1930 was evidently brought about by protests of the Premier of Saskatchewan and the Coal Operators when they protested to the Prime Minister that they were being discriminated against when assistance was authorized on Alberta coal moving to Manitoba and they had not been given an opportunity to make representations. No action was taken immediately and the Prime Minister advised the Premier of Saskatchewan that the matter would be dealt with when the Provincial Premiers met in Ottawa next week.

The two Orders in Council, P.C. 1256 of June 5, 1930 and P.C. 1399 of June 14, 1930, provided assistance for one year on shipments to the Manitoba market.

Order in Council P.C. 1399 would expire on May 31, 1931 and in preparing a draft recommendation to Council extending the provisions of assistance, slightly less assistance was authorized but the area of movement was extended to that part of Ontario as far east as Sioux Lookout and Fort Frances. This was provided under authority of Order in Council P.C. 1301 of May 30, 1931.

During June, 1931, the Saskatchewan operators submitted a brief to the Government with respect to the changed assistance and it was referred to the Dominion Fuel Board and a meeting was called on June 25 to discuss it.

A summary of the objections raised is set out as follows:

"Re Assistance to Saskatchewan Coal
under P.C. 1301 of May 30, 1931

"Objection has been raised by Saskatchewan coal producers to the rate of assistance granted by P.C. 1301 of May 30, 1931. This Order authorizes a reduction of one-seventh of a cent per ton per mile from the existing freight rates.

The argument is based chiefly on the assumption that it was the intention of the Government in fixing the rate of assistance to maintain the competitive positions of the

different coal fields as they existed prior to the change in subvention rates. The assistance in force last year (under P.C. 1399) was at the rate of 50 cents per ton on Saskatchewan coal shipped to points in Manitoba whereas under P.C. 1301, now in force, shipments to Winnipeg, the principal market, receive assistance of 40 cents per ton.

Alberta and British Columbia Crowsnest coals received assistance last year (under P.C. 1400) at the rate of one-eighth of a cent per ton per mile, the assistance amounting to $1.06 per ton on shipments from Blairmore to Winnipeg. Under P.C. 1303 now in force this rate is increased to $1.21 per ton.

Delivered costs to dealers or industrial plants at Winnipeg under the present assistance are as follows for run of mine coal:

	F.O.B. Mine	Freight Rate Less Subvention	Delivered Cost
Saskatchewan coal	$1.25	$1.90	$3.15
Alberta (Blairmore)	3.50	3.90	7.40

United States coal (Youghiogheny)

F.O.B. Fort William.....	4.50
Freight to Winnipeg.....	3.30
Delivered at Winnipeg....	$7.80

On a calorific basis, taking 1,000,000 B.T.U. as a unit, the cost per unit of the coals above referred to, at the prices stated, would be:

	B.T.U. per lb. Gross	Cost per 1,000,000 B.T.U.
Saskatchewan coal	7,500	21 cents
Alberta coal (Blairmore)	13,500	27.4 "
United States coal (Youghiogheny)	13,850	28.1 "

In fixing the rate of the present assistance it was considered that one-seventh of a cent per ton per mile was sufficient to enable Saskatchewan coals to maintain their position in the market concerned. Taking into consideration the landed cost to consumers as compared with competing coals, as shown above, the Saskatchewan coals are not suffering a disadvantage under the present assistance.

To date, a comparison of the shipments of Saskatchewan coal moved per month under subvention can be made only for July and August of last year and this year. The figures are as follows:

	Under P.C. 1399 1930 (at 50¢)	Under P.C. 1301 1931 (at 1/7¢ p.t.m.)
July	1,268 tons	1,993 tons
August	1,504 "	2,048 "
For both months	2,772 "	4,041 "

A coal miners' strike was in progress in the Saskatchewan fields during September of this year. Lately a representation has been made that the coal producers would be glad to have the subvention settled so that if the strike should come to an end they will be prepared to do business. During September the Fuel Board issued acceptances covering 7,440 tons in response to applications from Saskatchewan shippers. From October 1st to 8th similar acceptances were issued covering 4,600 tons.

Another representation si that the Estevan mines have lost a contract in Winnipeg for 125,000 tons. This statement needs supporting evidence, as up to the present time no contracts of that magnitude have appeared on the Winnipeg market.

Saskatchewan coal interests as well as those of Alberta were interested in a contract for supplying a new central heating plant at Winnipeg. The contract, however, amounting to approximately 40,000 tons was awarded to United States coal that, so it is reported, was cleared from Customs at Fort William before the increase in duty became effective.

In regard to competition between the various coals supplying the Manitoba market, a factor at present existing is that about 300,000 tons of United States bituminous coals were cleared from Customs before the increase in duty was announced, but since then the importers at the lake-head have been bringing in very little coal. Under the assistance provided by Orders in Council and the protection afforded by the tariff, Canadian coals have a decided advantage in Manitoba. Indications point strongly, however, to growing competition among Canadian coal for this market.

Ottawa, Ontario,
October 10, 1931."

No further action was taken on the representations made by the Saskatchewan coal operators until May 30, 1933 when Order in Council P.C. 953 was made effective. It reduced the Manitoba assistance from $1.00 to a maximum of 40¢ per ton but left unchanged the assistance to Ontario points.

Again on May 28, 1934 by Order in Council P.C. 1120 the assistance to Manitoba was again reduced on Saskatchewan movements to 15¢ per net ton and to Ontario the assistance was set at $1.00 per ton and the Ontario area limitation was withdrawn.

This change brought another outcry from the Saskatchewan Coal Operators Association and the telegram addressed to the Right Honourable the Prime Minister read as follows:

Winnipeg, Manitoba,
May 30, 1934.

"Night Letter

Right Hon. R. B. Bennett,
Ottawa

Have forwarded today following telegram to the Honourable W.A. Gordon STOP Have received from Dominion Fuel Board details covering downward revision of subventions on Western coals into this Province to be applied June first STOP Alberta and Crowsnest movements reduced to one twelfth of one cent per ton per mile while our new rate is almost one twentieth of one cent per ton per mile STOP We again very strongly protest the discrimination against our field which has existed since June 1931 and which has contributed in destroying in considerable measure both our competitive and geographical position STOP We respectfully submit there can be no justification whatever from any sound economic angle to support the ruling of the Dominion Fuel Board STOP My letter to you under date twenty-third instant set forth very clearly the position we have maintained since subventions were first applied STOP On the basis of an average freight rate of five dollars and ten cents from the Alberta field a subvention of seventy cents is thirteen decimal seven percent of that freight tariff STOP The same percentage in the freight tariff should be applied to set up Saskatchewan subvention to Winnipeg and Eastern Manitoba points making Winnipeg subvention thirty-one decimal four cents based on our existing Winnipeg freight tariff of two dollars and thirty cents from the Saskatchewan field and to which in all equity we are properly entitled.

(Sgd) J. G. Thompson
President Saskatchewan Coal Operators Ass'n."

A reply from the Honourable W. A. Gordon, Minister of Mines to the Prime Minister on the subject, dated June 5, 1934, is given hereunder:

"Dear Sir,

Reference Telegram of May 30, 1934 from J. G. Thompson, President, Saskatchewan Coal Operators Association

A duplicate of the above noted telegram has been sent to me.

In order that you may be fully advised as to the facts covering the situation as between the Western fields benefitting under subvention privileges on coal movements to Manitoba and Ontario, I wish to bring to your attention the following points:

1. Mr. Thompson's main claim is that the relative competitive position of the Alberta and Saskatchewan fields should not be changed, and that to ensure this the changes in subvention rates should be the same percentage of the relative freight rates from the producing districts to the consuming markets. He states further that since June 1931 the subvention rates have destroyed 'in considerable measure' the competitive and geographical position.

2. Hereunder are the annual productions of the respective districts affected and the percent increase or decrease in production based on 1931:-

Production in net tons

	Alberta	Crows Nest, B.C.	Total	Percent variation from 1931
1931	4,564,015	707,277	5,271,292	---
1932	4,870,648	621,431	5,492,079	+ 4.2
1933	4,716,537	502,334	5,218,871	- 1.0
		Saskatchewan		
1931		662,836		---
1932		887,139		+ 33.8
1933		922,922		+ 39.2

Thus despite a subvention rate approximately three times that of Saskatchewan, the Alberta and Crows Nest fields show a falling off in production of one per cent in 1933 compared to 1931 whereas Saskatchewan has been able to increase its production39.2 per cent.

3. The comparison of the proportions of the total productions of the two districts moved under subvention is also illuminating:-

Net Tons Moved Under Subvention

	Alberta & Crow, B.C.	Percent of Total Production	Percent Increase of Tonnage Moved under Subvention over 1931
1931	203,597	3.9 percent	---
1932	237,784	4.3 "	16.8 percent
1933	259,735	5.0 "	27.6 "
Saskatchewan			
1931	60,012	9.1 "	---
1932	100,479	11.3 "	67.3 "
1933	130,966	14.2 "	118.1 "

It is clear that relatively, Saskatchewan has been able to avail itself of the privileges of subvention to a greater extent than Alberta, and that the growth of the tonnages moved under subvention has been more rapid in the case of Saskatchewan than in the other fields.

4. Two of the most vital indications of the relative states of the industry in the operating fields are the prices being obtained for the coal and the net profits or losses being made. These, for the last three years, as compiled from the returns of the Dominion Fuel Board, are as follows:

Average Price Received Per net ton of Coal Sold (all sizes combined)

	1931	1932	1933
	Prices f.o.b. cars at mine, per net ton		
Saskatchewan	$1.64	$1.37	$1.45
Alberta, lignites	2.98	2.76	2.61
Alberta, sub-bituminous	X	3.57	3.42
Alberta, bituminous	X	3.40	3.27
Crows Nest, B. C.	3.14	2.91	2.85

Average Profit or Loss per net ton of Marketable Coal Produced

	1931	1932	1933
Saskatchewan	$ - 0.01	$ - 0.07	$ - 0.02
Alberta, lignites	- 0.09	- 0.05	- 0.20
Alberta, sub-bituminous	X	- 0.61	- 0.62
Alberta, bituminous	X	+ 0.19	+ 0.09
Crows Nest, B. C.	- 0.06	+ 0.04	+ 0.08

X Information collected in a different form for 1931 and statistics therefore are not comparable.

This tabulation indicates clearly the improvement for Saskatchewan in 1933 over 1932 as compared with the decline in profits in the Alberta bituminous field. Saskatchewan was able in 1933 to obtain a better price for its coal on a considerably increased production and a smaller loss, whereas the three Alberta fields either increased their losses or decreased their profits in conjunction with a nearly stationary joint production.

The Crows Nest Pass district of British Columbia showed declines of production for 707,000 tons in 1931 to 621,000 tons in 1932 and 502,000 tons in 1933; prices received for the coal from this district also declined considerably, but despite these unfavourable factors the district was able to show a small improvement each year, converting a loss of 6 cents per ton in 1931 to a profit of 8 cents per ton in 1933.

5. In the light of the facts outlined above it does not appear to me that the Saskatchewan field can be held to have suffered by comparison with the more western fields. On the contrary it is clearly shown that its relative position has improved in 1933 as compared with 1931.

6. Experience has indicated that taking all factors into account, it is a reasonably close approximation to consider that two tons of Saskatchewan lignite are required to produce the same results as one ton of the Alberta and Crows Nest bituminous coal.

On the Winnipeg market the comparison on the basis of the old and new subvention rates is as follows:

	Saskatchewan Lignite		Alta. Bituminous	
	Old Rate	New Rate	Old Rate	New Rate
Average Price Received	$ 1.44	$ 1.44	$3.18	$3.18
Freight Rate to Winnipeg	2.30	2.30	5.10	5.10
	3.74	3.74	8.28	8.28
Less Subvention	.40	.15	1.20	.70
Cost at Winnipeg	3.34	3.59	7.08	7.58
For 2 tons	6.68	7.18		

Difference in favor of Saskatchewan, for two tons, 40 cents in each case.

The relative position of the two fields thus appears to be unchanged, with a balance in favor of Saskatchewan.

Yours faithfully"

Representations continued to come in from the Saskatchewan Coal Operators and a lengthy submission was again made on March 2, 1935. My analysis of this dated March 5, 1935 to the Chairman of the Board is noted:

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

Re Proposed Amendment to Orders in Council P.C. 1121, Alberta to Manitoba, and P.C. 1120, Saskatchewan to Manitoba

Mr. J. D. Thompson of the Manitoba and Saskatchewan Coal Company, in his submission to the Minister dated March 2nd, states that the Saskatchewan lignite field has been adversely affected by the Orders in Council authorizing movements into the Manitoba market at a rate of so much per ton per mile.

He further states that the Alberta field is encroaching upon the Manitoba market at the expense of the Saskatchewan field which they themselves had built up prior to the advent of subvention assistance.

It is a fact that production in Saskatchewan decreased 5.6% during 1934 as against a production decrease in Alberta of 0.3%. At the same time movements under the Orders in Council into Manitoba were increased from Saskatchewan by 10.1% and from Alberta 24.5%.

Under the existing Orders in Council, P.C. 1121 from Alberta, the rate of assistance authorized into Manitoba is one-twelfth of one cent per ton per mile with a maximum of seventy cents per ton and into that portion of Ontario west of Carrick, Decimal and Eagle River, the rate is one-fifth of one cent per ton per mile with a maximum of $2.00.

From Saskatchewan the rate is a straight sum of fifteen cents per net ton on coal going into the Province of Manitoba and, to the same areas of Ontario as mentioned above, the assistance granted is $1.00 per net ton, no rate per ton per mile being indicated.

There does appear to be some justification to Mr. Thompson's contention that Alberta is obtaining a greater share of the Manitoba market at the expense of Saskatchewan and to remedy this I make two suggestions.

(a) That a 12½ or 15% reduction be made from the existing rail rates from Alberta and Saskatchewan into Manitoba east of the line drawn in our diagram of November 2, 1933. This would place the Saskatchewan field in exactly the same position as they were before subventions were authorized.

(b) For points in the Province of Ontario the percentage rate of reduction would be (x). This to be determined from the factor of competition with exists today and must be determined by discussions with the C.P.R. officials in Winnipeg.

(b) The suggestion that assistance offered any coal emanating from the Alberta or Saskatchewan fields be based upon the actual competition between Canadian and competitive laid-down fuels may be somewhat more difficult to administer. Certainly, in the Alberta fields prices for all grades of coal vary to a great extent and if a price had to be set then the only price to be set would have to be based upon the lowest producing operation which, in some cases, may be actually $1.00 to $2.00 below operations in the same area.

It would appear to me that the more equitable way of granting assistance would be by granting a percentage reduction in the freight rate which is easily determined and may be varied according to the competition met. In this case administration would be simplified and complaints of inequality would naturally be dealt with by the Board of Railway Commissioners rather than by the Dominion Fuel Board.

I am attaching hereto a set-up of rates from the areas which would be affected.

F. G. Neate,
Secretary."

It was decided that three members of the Board, together with the Secretary, should hold a meeting in Winnipeg with both the Alberta and Saskatchewan operators. These meetings were held in Winnipeg on March 13 and 14, 1935, a summary of the discussions is as follows:

"March 18, 193.

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

Re Various Meetings Held in Winnipeg
March 13th, 14th and 15th

Left Ottawa 9.20 P.M. March 11th, arrived in Winnipeg 8.45 A.M. Wednesday, March 13th.

During morning met the Saskatchewan operators represented by Messrs. Lynd, Brodie and Thompson, at which Dr. Camsell, Messrs. McLeish, Haanel and the undersigned were present.

Mr. Brodie presented the case of the operators and showed that with the 15 cent subvention on Saskatchewan coal considerable tonnage of their market had been captured by the Alberta steam coal operators. He cited the case of Grace Hospital and the Royal Crown Soap where the original tender of $4.65 for Saskatchewan lignite had been reduced to $4.40 and in the end they lost out to Canmore Coal Company who submitted a tender price of $7.80.

They claimed their relative position had been disturbed and a 2 1/10 or 2 1/4 basis was actually what was required to meet competition. They also pointed out that a considerable proportion of the steam coal and lignite shipped into the Winnipeg market was moved to customer from dealer&s yard and not from siding. This necessitated a double movement of Saskatchewan coal as it was necessary to move two tons or slightly over to equal one ton of the Alberta bituminous coals.

During the afternoon met Mr. E. Humphrys of the C.P.R. who reviewed the amalgamation of International and McGillivray Creek Collieries in the Crowsnest. These mines are now definitely controlled by the C.P.R. The C.P.R. will take from these two mines during the season 1935-36 420,000 tons and a like amount will be taken over a period of the next four years at a price of $2.95 per ton. Total requirements of the C.P.R. for this period will be 1,000,000 tons of which 580,050 tons will be divided between the other seven operating units.

He also advises me that the remaining tonnage which will be procured from the other mines will have to be at a reduced price or in the neighborhood of $3.00 per ton as compared with the $3.40 base price used in the last few years.

Discussing the meeting point of C.P. Railway Company and United States coal west of Head of Lakes, Mr. Humphrys advises me that they break even at Kenora with a differential of approximately $1.46 per ton at Ignace. This confirms my previous figures on this set-up.

Mr. Humphrys further is of the opinion that the Saskatchewan mines are not at a disadvantage in the Winnipeg market and his view is sustained by Mr. H. W. Gillis, the Assistant Freight Traffic Manager, with whom I discussed the situation later on in the day.

At 3.30 Dr. Camsell, Messrs. McLeish, Haanel and the undersigned met the Alberta coal operators who submitted their side of the case. The chair was taken by Mr. O.E.S. Whiteside and a full representation of the Alberta operators were present.

They maintain that on figures which were submitted by the Dominion Fuel Board the Saskatchewan lignite operators have increased their tonnage progressively over the last four years and that in so far as any tonnages which may have been captured by the Alberta operators are concerned, an equal amount if not more had been taken away from these operators by the Saskatchewan dealers.

After a discussion of an hour or so it was agreed that the Alberta operators would elect a committee to meet and discuss the situation with a similar committee appointed by the Saskatchewan representatives and if some arrangement could be agreed upon they would submit same to the Board for consideration prior to our leaving Winnipeg. This meeting was adjourned for the purpose indicated at 6 P.M.

During the evening attended the reception of the Hon. J. S. McDiarmid and after the banquet went over several matters with Mr. Brodie.

Thursday, March 14th

Various meetings during the morning and met Mr. Gillis, Assistant Freight Traffic Manager, C.P.R., re Saskatchewan conditions. As previously mentioned he is definitely of the opinion that they do not require an increase in the present assistance.

The proposed meeting of Alberta and Saskatchewan committees met in the Royal Alexandra at 3 P.M. but adjourned at 5 with no solution to the problem.

Met Messrs. Sutherland, Graham and Garner of the Truax-Traer Company who dealt with their side of the question and have come to the conclusion that all they want is to keep the same assistance for the Saskatchewan field if assistance is still to be granted the Alberta steam coal operators. I understand they produce a nut slack for 85 cents per ton which, even at a figure of $1.00 per ton, would certainly retain considerable tonnages in the Winnipeg market.

A committee of Saskatchewan and Alberta operators requested me to stay over another day with a view to seeing if some conclusion could be arrived at.

Saw Mr. Hartley Wilson of the Crows Nest Pass Coal Company who tells me that his slack price for this year in Winnipeg is $2.85 per net ton with a guaranteed 7½ per cent ash. His allotment from the C.P.R. has been arranged and he thinks that under present conditions Coal Creek will be able to operate on a 2½ day basis for the summer months although he pointed out this mine would be in a very difficult position with reduced tonnage and also reduced prices.

Mr. Stevenson of Hillcrest Collieries and Mr. Carlisle of Mohawk Bituminous Mines both advised me that within two or three weeks there will be at least 700 men let out from the Greenhill, Bellevue and Hillcrest mines due to the reallocation of tonnages by the C.P.R.

Friday, March 15th

Went to the office in the morning and discussed the proposed quota system with Kell who advised me the Western Canada Fuel Association had been asked to sponsor this movement on behalf of the domestic coal operators of Alberta. He also pointed out the difficulty of retaining any price structure in the Winnipeg market with the many operations coming into being with both Saskatchewan and Alberta fuels.

Saw Mr. Ewart representing the Crows Nest Pass Coal Company who advised me that the Empire Coal Company of Winnipeg, which is a subsidiary of Consolidation Coal Company of Cleveland, did sell to the Crows Nest Pass Coal Company at Winnipeg slack coal at a price of $4.20 ex Head of Lakes. This would appear to be a violation of the Dumping Act.

A further meeting with Mr. Humphrys, Fuel Purchasing Agent of the C.P.R. revealed that he felt it would be somewhat difficult for him if the existing Order in Council was changed with regard to railway coal as he has now definitely committed himself for railway tonnages to Ignace and a small tonnage to Eagle River on the basis of last year's assistance. If the subvention was reduced he tells me that it would mean reducing the allotment of coal from the Crows Nest Pass by approximately 30 to 35,000 tons which would go from Head of Lakes instead of from the Crows Nest Pass field.

F. G. Neate,
Secretary"

A further memorandum from the Chairman of the Dominion Fuel Board to the Hon. W. A. Gordon, Minister of Mines, dated March 21, 1935 is given:

"Dear Mr. Gordon,

I have recently had the opportunity of discussing the subject matter of Mr. J. G. Thompson's letter, dated March 2nd, with both the Saskatchewan and Alberta coal operators. Briefly the situation is this.

The Saskatchewan operators claim that the present subvention of 15¢ per net ton on coal moving into the Manitoba market is discriminatory and disturbs their competitive position in this market. They submit that since the inception of subventions on Western coal the Alberta operators have consistently enjoyed more advantageous treatment than themselves.

Orders in Council for both provinces since the commencement of the movement to Manitoba are tabulated hereunder showing the amount of assistance authorized in each case.

Order in Council	Saskatchewan	Order in Council	Alberta	Percentage of Alberta Subvention
P.C. 1399	50¢ per ton	P.C. 1400	$1.30 per ton	38%
P.C. 1301	40¢ " "	P.C. 1303	$1.20 " "	33%
P.C. 953	40¢ " "	P.C. 952	$1.20 " "	33%
P.C. 1120	15¢ " "	P.C. 1121	$0.70 " "	20%

It is contended by the Saskatchewan operators, and I think rightly so, that the fuel value of Saskatchewan lignite as compared with Alberta coal is on the basis of two tons for one, which, if applied to the assistance provided by Government, would give a somewhat higher subvention than that actually authorized. They claim that if Alberta gets 70¢ per ton then they at least require 35¢ per ton to be placed upon the same competitive basis with Alberta coals.

The Alberta operators take the view that the Saskatchewan coal industry has benefitted to a much greater extent than themselves, pointing out that not only have they progressively increased their shipments into the Manitoba market but nearly doubled their production over the past four or five years. The increased production is in part due to the unrestricted opening of many small seasonal operations and to the stripping operations of a large company.

If it is the desire of Government to take cognizance of the conditions set forth by the Saskatchewan operators it might be pointed out that it is hardly necessary to increase the subvention on Saskatchewan lignite entering the Manitoba market in order to meet the competition from United States coals. It is claimed, however, that the subvention should be increased to put them on a competitive parity with movements of Alberta coal into this territory.

If, as previously set out, it takes two tons of Saskatchewan lignite to equal one ton of Alberta coal then it would appear that, taking into consideration the extra handling charges together with relative fuel values, the amount of subvention applicable to Saskatchewan coal movements might be set at 35¢ per net ton.

Yours sincerely,

Charles Camsell,
Chairman"

The current Order in Council P.C. 1120 was at this time rescinded and Order in Council P.C. 869 of April 5, 1935 substituted. The increase on movements to Manitoba was from 15¢ per net ton to 35¢ per net ton and applicable to industrial use only. The Ontario rate remained unchanged.

A few days later the rate was again changed to take care of the stripping operations who were undercutting the shaft mine prices and the assistance authorized by Ministerial ruling under date of April 8, 1935 provided 15¢ per ton on strip coal and retained the 35¢ per ton on shaft mined coal only.

On April 9, 1936 the current Order in Council was rescinded and P.C. 895 took its place. It cancelled assistance to Ontario points and gave a reduction of 10% of the tariff rate to points in Manitoba where Saskatchewan coal was at a disadvantage for industrial use only. The final Order in Council P.C. 3972 of December 5, 1939 is fully explained in its preamble.

(Page 5302 follows)

ALBERTA (MOVEMENTS TO MANITOBA-ONTARIO-BITUMINOUS)

When Order in Council P.C. 539 was extended in June 1930, there was considerable demand from the Western Coal Operators and the Western Canada Fuel Association to provide assistance on Western coals to the Manitoba market where considerable United States coal was being marketed. Government complied with this request and for this movement Order in Council P.C. 1257 of June 5, 1930, was approved. It has a very short life, however, due to the quality factor outlined in Section E which specified a moisture content of not more than 12% and not less than 11000 B.t.u's. This was strenuously objected to by the Western operators and the Order in Council P.C. 1257 was rescinded on June 14, 1930 and Order in Council P.C. 1400 replaced it.

The steam coal operators of Alberta and British Columbia made further representations to Government seeking additional markets but there does not appear to be any brief on the files of the Dominion Fuel Board regarding this. It is of record, however, that many journeyed to Ottawa and met members of the Cabinet to seek an extension of the provisions of Order in Council P.C. 1400 which was due to expire on May 31, 1931.

On May 30, 1931, Order in Council P.C. 1303 was therefore approved extending the period of assistance to June 30th, 1933 and also provided for the movement to include a portion of the Province of Ontario lying west of Sioux Lookout and Fort Francis where United States coal was at a competitive advantage.

Early in January 1932 the Western Bituminous Coal Operators submitted to the Hon. W. A. Gordon, Minister of Mines, a further memorandum asking for assistance of a flat rate of $1.30 from all Alberta mines to points in Manitoba. A memorandum from the Chairman of the Board to the Minister of Mines dated January 5th, 1932, sets out the Board's position on the subject.

> "The memorandum submitted to you by the Crowsnest Pass coal operators has been considered by the Dominion Fuel Board.
>
> It is the contention of the operators that in

"granting a per ton mile rate assistance the freight structure has been disturbed.

By granting a flat rate of $1.30 per ton from all mines in Alberta to competitive points in Manitoba or particularly to the greater Winnipeg area as suggested would not be satisfactory or equitable for the following reasons:-

(1) It would add six cents per ton on probably well over 100,000 tons from the southern or Crowsnest area which from a competitive standpoint is not necessary; making an increase in cost of $6,000.00.

(2) It would reduce the assistance to northern area coal by ten cents per ton which it is admitted would not be serious in so far as the competitive market is affected. The net saving might amount to $1,500.00.

(3) It would add twenty-one cents per ton to other Alberta areas which are competing on that much less assistance.

It was thought, therefore, that if any changes in the method of granting assistance were contemplated consideration might be given to a straight percentage reduction from the freight rates now in effect, this form of applying the assistance having already been considered as the more logical plan. Reasons for advocating same are noted hereunder:-

(1) The freight structure or differentials at present in effect would in no way be disturbed.

(2) If anomalies did occur the shippers could approach the Board of Railway Commissioners with a view to rectification.

(3) By allowing a 20 per cent reduction a considerable saving in expenditures could be effected because while at the present time we are paying $1.40, $1.24 and $1.19 per ton a straight 20 per cent reduction would work out to $1.04, $1.02 and 94¢. This assistance with the present rate of exchange and actual competition encountered in the Greater Winnipeg area should prove sufficient to retain the market for our own coals.

(4) It would answer the Saskatchewan operators complaint by reestablishing them in the same relative position which they occupied prior to the granting of assistance.

Considering the matter from all angles the Board is of the opinion that the principle of a percentage reduction would be the most equitable. A motion was passed to this effect and I was asked to transmit their views to you in that "if it is the desire of the Government to make a change in the present method of granting assistance that the change be in the nature of a percent reduction of freight rates instead of by a per ton mile reduction or a flat rate".

"It would not be necessary to change the condition under which the assistance is granted. Checking of final distribution in competitive territory and the authorizing of movements as at present carried out would be continued.

A graph prepared on 1931 quotations showing in greater detail costs of Canadian coal in the Winnipeg area is attached hereto."

An amendment to Order in Council P.C. 1303 was made on April 15th, 1932 by Order in Council P.C. 827.

The Order in Council P.C. 1303 of May 30th, 1931 was to expire on June 30th, 1933 and the succeeding Order in Council P.C. 952 of May 30th, 1933, merely superseded P.C. 1303 although it did include the points of Sioux Lookout and Fort Francis previously excluded.

In 1934 a further submission was made by the Alberta Bituminous Coal Operators and was dealt with in a memorandum from the Chairman of the Board to the Hon. W. A. Gordon, Minister of Mines, on May 1st, 1934, which follows:-

"Re Resolution submitted by the Alberta Bituminous Coal Operators.

The submission made by the Alberta bituminous coal operators on February 19th does not, to any great extent, differ from previous submissions -- the last one submitted in 1931 is in fact much the same request.

It is stated in the memorandum that it is not the desire of the Alberta bituminous operators to impose on the railways, through Governmental agency, the use of Canadian coal. All they ask is that they be placed in the same position to secure railway coal business as that provided the Eastern Canadian coal operators. This request would appear to be reasonable.

At the present time the Canadian Pacific Railway does use Canadian coal as far east as Eagle River which is some 190 miles east of Winnipeg. Due to the restrictive clause in the Order in Council payment on coal so used is only made on the tonnage in excess of that used during a three year average of 1930-31-32.

The Canadian National Railways do not use Canadian coal to any great extent east of the Winnipeg terminals. They also are eligible for assistance only on that tonnage of coal used in excess of the three year average.

If the present Order in Council is amended to conform to the general terms of assistance authorized for railway coal of Canadian origin used in Quebec and Ontario then it is immediately apparent that the Government will be obliged to pay coal operators for tonnages of coal

"which the railways are now obtaining from Alberta and British Columbia mines at no cost to the Government. It is a fact, however, that both the Canadian National Railways and Canadian Pacific Railway use Canadian coal at the Winnipeg terminals and points east where United States coal can undersell the Canadian product.

The annual consumption of coal by the Canadian National Railways nbetween Winnipeg and Head of Lakes inclusive is estimated at 291,300 tons (including 80,000 tons of Canadian coal). It is estimated that a maximum subvention of $2.50 per net ton on Western Canadian coal for railway use would be effective from Winnipeg to Fort Francis and Sioux Lookout, inclusive, with an estimated total consumption of 206,100 tons.

Similarly with an estimated annual consumption under present conditions of 297,600 tons (including about 137,250 tons of Canadian coal) by the Canadian Pacific from Winnipeg to Head of Lakes inclusive, it is estimated that such a subvention would be fully effective from Winnipeg to Ignace inclusive with an estimated total consumption of 222,300 tons.

The annual cost to the Government of the proposed subvention is estimated on the following basis:

(a) O.C.S. rate of 3.0 mills per ton mile,

(b) Tonnage distribution as submitted by the railways,

(c) Prices f.o.b. mines of Canadian and U.S. coal.

	Canadian Coal	U. S. Coal
For C.N.R.	$3.40 per ton	$1.40 per ton
For C.P.R.	$3.34 per ton	$1.67 per ton

(d) Rail rates on U. S. coal to Lake Erie ports, including loading costs:

For C.N.R. coal $1.5. per ton

For C.P.R. coal 1.59 per ton

(e) Vessel rates to Head of Lakes - $0.30 per ton.

The estimated annual costs to the Government as determined in Appendix C are as follows:

Canadian National	- 206,100 tons at an average cost of $1.392 per ton	- $286,906.00
Canadian Pacific	- 222,300 tons at an average cost of $0.59 per ton	- $130,999.00
Total	-- 428,400 tons at an average cost of $0.975 per ton	- $417,905.00

"The Canadian Pacific uses mostly Canadian coal as far east as Kenora, while the Canadian National uses little if any east of Winnipeg. It is estimated (Appendix C) that 217,250 tons of the coal consumed annually by the two railways in the area to which the proposed subvention would apply, viz., Winnipeg to Fort Francis, Sioux Lookout and Ignace, are of Canadian origin purchased at costs higher than those of United States coals. It is apparent therefore that the United States coal which would actually be displaced by the proposed subvention amounts only to 211,150 tons - the difference between 428,400 and 217,250. Thus the expenditure of $417,905 by the Government would acquire an additional market for the Western Canadian Coal Industry amounting to 211,150 tons - at a real cost of $1.98 per ton.

It is estimated on the basis of the foregoing prices F.O.B. mines, and freight rates that the railways paid for Canadian coal used in this area excess costs over and above costs of United States coal entered via Head of Lakes as follows (Appendix Section E).

Canadian National - on 80,000 tons of Canadian coal at $0.98 per ton	-	$ 78,400.00
Canadian Pacific - on 137,250 tons of Canadian coal at $0.25 per ton	-	34,488.50
Total	-	$112,888.50

It should be noted that a small part of these excess costs of Canadian coal may already be borne by the Government through the subvention provisions at present assisting Western Canadian coal into Manitoba and Western Ontario for railway use. Under the proposed subvention the whole of these excess costs will be borne by the Government and are included in its estimated annual cost of $417,905."

A draft recommendation to Council was prepared with the following changes:

"Re: Alberta and Crowsnest Pass Revision

(A) As suggested by the Prime Minister

(1) The amount payable on industrial coal in the Winnipeg market is reduced from $1.20 per ton to 75¢ per ton.

(2) The amount payable on railway coal movements is increased from $2.00 per ton to the sum of $2.50 per ton. No easterly limits of movement have been set.

(3) Estimated savings under (1) based on last year's movement would be $115,763.00.

(4) Estimated expenditure under (2) by increasing railway subventions from $2.00 to $2.50 would be as follows:-

(a) If the railways used Canadian coal exclusively (Excluding Winnipeg) to Souix Lookout, Fort Francis and Ignace, $427,200.00.

(b) If the railways used Canadian coal exclusively (excluding Winnipeg) to the Head of Lakes, $788,200.00.

(5) The total amount of subvention payable on railway coal from Alberta last year, 1933 - 1934, amounted to $42,792.00.

B. As suggested by the Minister of Mines

(1) The amount of subvention on industrial coal to the Winnipeg market is reduced from $1.20 per ton to 70¢ per ton.

(2) The subvention on railway coal is the same as the Order in Council now in effect ($2.00) except the yearly average restriction has been removed.

(3) The estimated saving outlined in the clause (1) based on the 1933-1934 movement would be $127,264.00.

(4) The total cost of railway coal if the Railways used Canadian coal exclusively in the area indicated to Fort Francis, Souix Lookout and Ignace, would be $322,200.00.

With the $2.00 limiting amount the railways (under existing competitive conditions) could not use Canadian coal beyond the easterly limits above noted.

(5) The total amount of subvention paid on railway coal from Alberta and the Crowsnest Pass area last year, 1933-1934, amounted to $42,792.00.

And Order in Council P.C. 1121 became effective on May 28, 1934.

In March 1935 the Order in Council P.C. 1121 was again reviewed in the light of objections received from the Saskatchewan operators who were claiming discrimination. A letter from the Chairman of the Board to the Hon. W. A. Gordon, Minister of Mines, dated March 21, 1935 set out the position.

> "I have recently had the opportunity of discussing the subject matter of Mr. J. C. Thompson's letter, dated March 2nd, with both the Saskatchewan and Alberta coal operators. Briefly the situation is this:
>
> The Saskatchewan operators claim that the present subvention of 15¢ per net ton on coal moving into the Manitoba market is discriminatory and disturbs their competitive position in this market. They submit that since the inception of subventions on Western coal the Alberta operators have consistently enjoyed more advantageous treatment than themselves.
>
> Orders in Council for both provinces since the commencement of the movement to Manitoba are tabulated hereunder showing the amount of assistance authorized in each case.

Order in Council	Saskatchewan	Order in Council	Alberta	Percentage of Alberta Subvention
P.C. 1399	50¢ per ton	P.C. 1400	$1.30 per ton	38%
P.C. 1301	40¢ " "	P.C. 1303	1.20 " "	33%
P.C. 953	40¢ " "	P.C. 952	1.20 " "	33%
P.C. 1120	15¢ " "	P.C. 1121	0.70 " "	20%

It is contended by the Saskatchewan operators, and I think rightly so, that the fuel value of Saskatchewan lignite as compared with Alberta coal is on the basis of two tons for one which, if applied to the assistance provided by Government, would give a somewhat higher subvention than that actually authorized. They claim that if Alberta gets 70¢ per ton then they at least require 35¢ per ton to be placed upon the same competitive basis with Alberta coals.

The Alberta operators take the view that the Saskatchewan coal industry has benefitted to a much greater extent than themselves, pointing out that not only have they progressively increased their shipments into the Manitoba market but nearly doubled their production over the past four or five years. The increased production is in part due to the unrestricted opening of many small seasonal operations and to the stripping operations of a large company.

If it is the desire of Government to take cognizance of the conditions set forth by the Saskatchewan operators it might be pointed out that it is hardly necessary to increase the subvention on Saskatchewan lignite enterint the Manitoba market in order to meet the competition from United States coals. It is claimed, however, that the subvention should be increased to put them on a competitive parity with movements of Alberta coal into the territory.

If, as previously set out, it takes two tons of Saskatchewan lignite to equal one ton of Alberta coal then it would appear that, taking into consideration the extra handling charges together with relative fuel values, the amount of subvention applicable to Saskatchewan coal movements might be set at 35¢ per net ton."

And a further letter from the Chairman to the Minister of Mines of March 28th, 1935, stated:

"Re proposed amendment to Order in Council P.C. 1121 reverting to previous easterly geographical limits

Previous to May 1934, assistance on coal consumed by the railways east of Winnipeg was based upon the average consumption of Canadian coal during the previous three years. The easterly limit to which the assistance applied was a line between Sioux Lookout - Ignace and Fort Francis.

During May 1934, representations were made to the Government by Alberta coal operators pointing out that the limitations were too restrictive and asked for a modification of same so that they would be able to take advantage of any market accruing east of the points above mentioned.

"The Government agreed to their request and Order in Council P.C. 1121 authorized assistance on Alberta coal from Carrick, Decimal and Eagle River to points east thereof at the rate of one-fifth of one cent per ton per mile up to a maximum of $2.00 per ton, the intention being that they would be permitted to move coal as far east as the $2.00 maximum would meet competition.

The actual movements of Alberta coal for railway consumption in this area since the commencement of the assistance are shown in the following table:

	Kenora	Eagle River	Ignace	Raith	Total
1930	17,890	-	-	-	17.890
1931	12,727	-	-	-	12,727
1932	7,844	-	-	-	7,844
1933	14,805	14,834	-	-	29,639
1934	20,690	30,595	18,565	4,087	73,937

The Canadian Pacific Railway Company who are the only consumers of Alberta coal in this area have in the past taken their coal requirements from eight mines operating in the Crowsnest Pass and the Canmore area. This year the C.P.R. have made arrangements to take approximately 50% of their total requirements from two collieries which have amalgamated under C.P.R. auspices, leaving the balance for delivery to the other six units.

The fuel Agent at Winnipeg advised me last week that the C.P.R. had arranged their distribution of tonnage at the above points for this year on the same basis as 1934 and he stated that if any changes were made to the existing Order in Council a redistribution would have to be made which would mean the displacing of come Canadian coal with coal from the Head of Lakes."

This resulted in the geographical restrictions being corrected by the passing of Order in Council P.C. 871 on April 5th, 1935.

A year later, or on April 6th, 1936, the Chairman of the Board called the Minister's attention to the Alberta Order in Council P.C. 1121 and amendments thereto and suggested certain changes as per his memorandum of April 6th, 1936.

"Changes to Orders in Council Authorizing Assistance for the Movement of Coal.

Alberta

The Order in Council now in effect provides assistance to the Manitoba area by a reduction of one-twelfth of one cent from the existing rail rates. The subvention in this area amounts to 70 cents per net ton.

The present suggestion is to reduce the rail rate by 10 per cent, which would provide assistance varying from 47 cents per ton for the Drumheller area to 52 cents for the Crow's Nest Pass and Mountain Park areas.

" The assistance now in effect to that portion of Ontario east of the Manitoba boundary is a reduction of one-fifth of one cent per ton per mile from the existing rail rates; the maximum amount payable is $2.00 per ton.

It is now proposed to make the assistance a 30 per cent reduction of the freight rate with the same maximum. This reduces the assistance slightly. At Kenora the rate under the one-fifth would be $1.99; under the 30 per cent proposal it would be $1.71.

Coal purchased by the railways for their own use under the present arrangements is on the basis of one-fifth of one cent per ton with a maximum up to $2.00 per ton. The area is restricted to Carrick, Decimal and Eagle River on the Western boundary and to Sioux Lookout, Ignace and Fort Francis on the Eastern boundary.

It is now proposed to provide a 30 per cent reduction from the Tariff rate in effect at the time of shipment, with the same maximum up to $2.00 per ton. The Eastern boundary is now eliminated."

As a result Order in Council P.C. 894 of April 9th, 1936 became effective.

No further changes were made until after the outbreak of war when P.C. 3970 of December 31, 1939 was approved. The preamble to this Order in Council is self-explanatory.

ALBERTA
(Ontario Domestic Movements)

Early in 1923 there was considerable interest shown in the suggestion that Alberta coal could be marketed in Ontario and the movement should be by train load lots. The Premier of Alberta, Mr. H. Greenfield, whote the Hon. Charles Stewart, Minister of Mines at Ottawa, suggesting that the Cabinet make a careful survey of the situation to see if such a movement could be brought about. At this time there was keen interest in the Alberta Legislature and resolution was passed on the motion of Premier Greenfield urging Dominion and Provincial co-operation to obtain lower freight rates to the Ontario market. Mr. M. J. Butler, formerly Deputy Minister of Railways, also gave considerable time and publicity to the proposal.

The Senate Committee, examining the fuel situation at that time, questioned Sir Henry Thornton on the subject and he pointed out in his evidence that the prospects of bringing Alberta coal to Ontario appeared "fairly hopeful" but that railway rates must not be reduced unduly as whatever is done for Alberta interests would also have to be done for the Nova Scotia operators. In March, 1923, the Prime Minister did discuss the matter with both Sir Henry Thornton and Mr. Beatty and asked them to go into the matter to see if such a movement would be possible.

On April 12th, 1923, Mr. M. J. Butler submitted to the Hon. E. M. MacDonald, Chairman of the House of Commons Fuel Committee, certain suggestions regarding a possible Alberta - Ontario movement. At this time resolutions were adopted and sent to the Prime Minister by the Canadian Brotherhood of Railway Employees, the Toronto Building Trades' Council and others asking the Dominion Government to take steps to bring about a reduction in freight rates on Alberta coal to $6.00 per ton. The reply was to the effect that the Government was giving careful consideration to this question.

On May 19th, 1923, the Vice President of the Canadian

National Railways advised the Dominion Fuel Board that it is intended to put into effect a special rate of $9.00 per net ton effective during the months of May, June and July each year when shipped in train load lots of 50 or more cars per train.

The Premier of Alberta again communicated with the Prime Minister on May 2nd sending a certified copy of a resolution passed by the Legislative Assembly requesting that Alberta coal be permitted entry into the Ontario market.

Correspondence between the Hon. G. H. Ferguson and the Hon. Charles Stewart, Minister of Mines, under date of January 12th, 1925, and January 21st, 1925, is of interest, and is set out hereunder:

"Dear Mr. Graham:

You are, of course, conversant with the efforts that have been made to make Alberta or Nova Scotia coal available for use in the Province of Ontario.

The trial shipments of domestic coal that were brought from Alberta a year ago were most favorably received, and there is a very strong feeling throughout the province that further efforts should be made along the same line. I am sure you will agree that it is desirable that we should use our own coal and retain the money in Canada for the promotion of Interprovincial business if it is at all possible.

I believe the Dominion Parliament voted last year $200,000. to be expended towards this purpose. I am told that $150,000. has already been expended in the hope of developing the Maritime coal business, and there is still $50,000 of the appropriation on hand. It has been suggested that the Canadian National have a considerable number of cars in the West that will not be needed in the grain movement, and that this circumstance makes this an opportune time to bring down further coal shipments from the Alberta mines. Personally, I feel that there is no more important problem affecting Ontario people than the fuel problem. I am confident that anything that can be done to assist in relieving the situation will have your active support.

I should be glad if you would consider the matter and let me hear from you at an early date.

Yours very truly,

(Sgd) G. H. Ferguson
Premier.

Hon. Geo. P. Graham,
Minister of Railways & Canals,
Ottawa, Canada."

"Dear Mr. Ferguson:-

The Hon. George P. Graham, Minister of Railways & Canals, has forwarded a copy of yours of the 12th inst. with regard to making further shipments of Alberta coal to Ontario.

Shortly after the House voted the sum referred to in your letter I made a proposal to the Alberta Government which I felt would be essential in considering the movement of their coal to Ontario under this vote. Since that time we have been making certain tests and investigations which have a very important bearing on this question and from the results available to date I consider it of the utmost importance to have them completed before making any large expenditure on further trial shipments to Ontario.

Another phase of this question, which we cannot overlook, is that a very large quantity of imported coal is moving into Manibota - a market considerably over a thousand miles nearer the Alberta field than Ontario. The replacing of this coal by our own supplies would appear to be the first logical step before attempting to extend the market further east.

You will, of course, understand that as I have been closely associated with the efforts made on the part of the Province of Alberta to extend their markets for a number of years, I am intensely interested in doing anything within reason to assist in making possible the utilization of our own coals to a greater extent.

Yours faithfully,

Minister of Mines."

Hon. G. H. Ferguson, K.C., B.A.,
Premier of Ontario,
Toronto, Ontario."

On April 7th, 1925, the Hon. Charles Stewart, Minister of Mines, wrote Sir Henry Thornton stating it was the Government's intention to vote $50,000. for the purpose of paying any losses that may accrue to the Railway Company in connection with a proposed experimental movement of Alberta coal to Ontario, the entire arrangement was left in the hands of the Alberta Government and the railway officials of the Canadian National Railway. The initial tonnage to be moved was to be 25,000 tons in train load lots to determine the actual out of pocket costs of the movement. The Hon. Charles Stewart notified the Deputy Minister of Railways and Canals on April 22nd, 1925, that he was agreeable to providing assistance of 75 cents per ton on this movement or a total Federal contribution of $19,000.

Subsequently it was agreed on May 14th, 1925, to pay $1.00 per ton to the Railway, the Alberta Government to absorb the cost of carriage over $8.00 per ton, the coal to be sold on the basis of a $7.00 rate and the price of coal at the mine to be fixed at $3.50.

On September 8th, 1925, there was an exchange of telegrams between the Hon. Howard Ferguson, Premier of Ontario, and the Prime Minister, those were as follows:

"Hon. G. H. Ferguson,
Premier of Ontario,
Toronto.

I have had pleasure in referring to Board of Railway Commissioners for their consideration the representations of your telegram of August thirty-first respecting desirability of facilities being provided to make Alberta coal available in Ontario.

W. L. Mackenzie King."

"Rt. Hon. W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa.

Province of Ontario strongly of opinion it is vital that we should not be dependent upon foreign nation for coal supply particularly as we have abundance suitable coal in Canada stop We have tested and found satisfactory Alberta coal and feel it extremely important for both West and East that facilities should be provided to make Alberta coal available in Ontario stop Moreover feel strongly important we retain large amount of money involved in purchase of coal in circulation in Canada for benefit of Canadian commerce and Canadian people stop Respectfully and strongly urge your Government ask special inquiry by Board Railway Commissioners while general rate inquiry in progress to ascertain possibility of meeting situation."

G. M. Ferguson."

On February 13th, 1926, the first Order in Council P.C. 225 was approved with regard to the movement of Alberta coal to Ontario.

On September 24th, 1926, a further Order in Council P.C. 1446 was approved by Council authorizing the movement of one train load of Alberta coal to be consigned and disposed of by the Fuel Controller of Ontario. This particular movement was instigated by the Hon. R. B. Bennett by memorandum to the Minister of Interior of September 23rd, 1926. All correspondence and the report of this

movement have already been passed on to the Commission.

A resolution submitted to Government by the Ontario Associated Boards of Trade in February, 1927, reads as follows:

" WHEREAS, approximately two million tons of domestic fuel coal is used in the central region of Ontario each year and already eighty thousand tons of Alberta coal has been consumed in Ontario with very satisfactory results; and

WHEREAS, the greater part of coal for domestic use in Ontario is brought from the United States; and

WHEREAS, the Provinces of Alberta and Ontario, and the Special Committee appointed by the Dominion Government to investigate the shipments of Alberta coal to Ontario, are strongly in favor of the development of the coal mines in Alberta and the shipment of this coal to the East; and

WHEREAS, the Special Committee above referred to recommended to the Dominion Government that a trial shipment of Alberta coal be made by rail to the Head of the Lakes, thence to a Georgian Bay port at which point distribution could be made by rail throughout Ontario;

THEREFORE BE IT RESOLVED: That the Ontario Associated Boards of Trade and Chambers of Commerce request the Dominion Government to carry out the recommendation of the Special Committee and have the trial shipment of Alberta coal made by rail and lake."

This resolution was dealt with in my memoranda to the Chairman of the Board under date of March 2nd, 1927, and of March 21st, 1927:

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board,
Ottawa, Ontario.

Referring to the memorandum from Mr. Pratt, dated 24th ultimo, enclosing resolution from the Ontario Associated Boards of Trade and Chambers of Commerce, dealing with an all rail and water distribution of Alberta coal as recommended by the House of Commons Special Committee last summer, I quote below the recommendations made by this body:

"Trial shipments of western coal -
That trial shipments of Alberta domestic coal be made by rail and lake under the supervision of the Dominion Fuel Board in order to ascertain the possibilities of moving Alberta coal in large volume with modern loading and unloading facilities."

It was generally understood that a trial movement, as above outlined, would take place after a survey had been made of the various lake ports, to determine where, or at what point, Alberta coal could be most satisfactorily discharged and loaded.

On June 18th, 1926, Mr. Bury, a Member of the Special Committee, suggested that a wire be sent to Mr. Howard Stutchbury requesting him to visit Duluth and also Toledo to examine the equipment already installed at those points and satisfy himself that it would be suitable for the handling of Alberta coal. The Committee concurred in Mr. Bury's suggestion but I cannot say if Mr. Stutchbury or any of his staff did eventually look into the matter.

The Chairman of the Committee, Mr. Lapierre, also discussed this matter with Mr. Hotchkiss in an endeavour to have a representative of the Dominion Fuel Board make an independent investigation as to the feasibility of the scheme. Due to dissolution of Parliament and the subsequent change of Government, no action was taken by the Dominion Fuel Board.

Respectfully submitted,

F. G. Neate
Assistant Secretary."

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

Re: Trial Movement of Alberta Coal to Ontario Points by rail and Lake.

From information I have been able to gather respecting the above, it would appear desirable to move as small a tonnage as economically feasible, otherwise the Government is liable to be burdened with costs which will exceed the amount voted for this experiment.

Before making a survey of the situation, it would appear that the lake point to which this coal would have to be shipped is either Duluth on Lake Superior or Toledo, Sandusky or Cleveland on Lake Erie. The rail distance from Drumheller to Duluth is 1,173 miles, to the Lake Erie points, Toledo 1,903 miles, Sandusky 1,916 miles and Cleveland 2,016 miles, respectively. It is, therefore, seen at a glance that only from an experimental standpoint could a movement such as this be undertaken. The freight rate to Duluth is in the neighborhood of $15.60 and to Toledo $

The financial advantage in making Duluth the port of re-shipment is obvious. Toledo is probably the most suitably equipped location for carrying out such a movement but on the other hand in view of the increased freight cost it is a question whether the facilities available justify the increased expenditure. Arguments pro and con, show that if installation of loading equipment at Head of Lakes is carried out, it might be as well to have the coal loaded by the most modern equipment available. While on the other hand, if such a shipment is to judge primarily the friability of

Alberta coal, Duluth might offer suitable facilities. Whatever arrangements are finally decided upon, it will be necessary to secure the co-operation of the coal operators otherwise information made available from the experiment will not be of considerable value. It is generally understood that the Alberta operators are not particularly wedded to this movement, due to the friable nature of some of these coals.

Equipment available at Toledo includes a Brown hoise of the most up-to-date type and also McMyler loader owned and operated by the B. & O. Railway. The cost of unloading cars into boats is estimated to be between 5 and 7 cents per ton (open cars), unloading boats to dock approximates 11 cents per ton.

The Pringle Barge Company of Cleveland have boats suitable for carrying coal with a capacity from 2,000 to 6,000 tons. If this coal is moved through the Welland Canal the maximum tonnage would be about 2,500. If an amount such as this could be arranged for, it would naturally reduce the cost of this trial shipment. At Duluth the loading equipment was in the first instance installed for the loading of ore, whether or not this is suitable for coal is a matter which will have to be investigated.

Distribution of this coal should not be a difficult matter as there are 63 coal unloading docks at lake points in Ontario with a discharging capacity averaging from 2,000 to 20,000 tons per 10 hours. The City of Toronto has five such docks. Although operated by private corporations, leasing or renting for the unloading of one cargo would not be a difficult matter.

Respectfully submitted,

F. G. Neate,
Assistant Secretary."

The report and findings of the Board of Railway Commissioners with respect to Order in Council P.C. 225 became available on September 14th, 1927.

Requests continued to come in from many sources asking the Government to make effective cheaper rates for the movement of Alberta coal to Ontario and this resulted in a recommendation to Council on March 12th, 1939, which was approved and became Order in Council P.C. 539 of March 16th.

The Ontario Gazette of Saturday, April 28th, 1928, in that issue dealt with the question of having selected grades of Alberta coal shipped to Ontario and the Alberta Government appointed a Standards Board to define standards and trade names of Alberta coals suitable for domestic use and to classify them.

Four classes of coal were listed and information given as to their handling and storage.

It will be noted that the Order in Council did not designate the months of each year in which its provisions would be effective, this was a matter left to the Board of Railway Commissioners to decide, subject in all cases to the grain movement having priority. The period designated for 1929 was from January 15th to July 15th both inclusive.

At a Dominion Fuel Board meeting held on January 18th, 1929, the Secretary of the Board was instructed to make a survey throughout the Province of Ontario and ascertain the general opinion of the dealers handling Alberta coal. My memorandum to the Dominion Fuel Board of February 22nd summarized this survey and further supplementary memorandum of October 30th, 1929

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

As instructed at a regular meeting of the Fuel Board held on January 18th, I have obtained from representative dealers throughout the Province of Ontario their general opiniom in regard to Alberta coal which was shipped to Ontario during the 1928 season.

One phase of the situation is very strongly emphasized and that is, dealers and consumers in this province are interested in Alberta coal only when price and competition are favorable to it.

The prospect of increasing the limited market now available is not bright and although there is a certain willingness on the part of the dealers to do their share, they expect a little higher remuneration for their trouble.

The Alberta coal interests report that the movement is a success. While not wishing to contradict this statement, I feel that with the evidence attached hereto, the feeling among dealers and consumers generally is that for rural communities the coal is fairly satisfactory but for cities where competition is decidedly keen, and consumers somewhat more particular, the success is not as obvious.

Owing to the varied and many different opinions expressed, it is somewhat early to state definitely whether or not the 1928 conditions will be repeated or

remedied. More care in preparation and lower cost both to the dealer and consumer are phases which will have to be corrected if progress may be looked for.

Respectfully submitted,

F. G. Neate
Secretary."

"Memorandum to:

Dr. Charles Camsell,
Chairman,
Dominion Fuel Board.

Summarizing the general opinions held in Ontario concerning the movement to that Province of Alberta coal under Order in Council P.C. 439, the following appear to be those principally held:

1. Price is not in line with fuels firmly established on the market which enjoy a certain popularity.

2. Handling and treatment of the coal after leaving the mine are not carried out so as to combat disintergration. Dealers store Alberta coal in the open, exposed to sun and rain; consequently when a sale might be made only slack coal and dust are left. Again the dumping of Alberta coal from elevated platforms to the bin has caused and is causing an abnormal amount of breakage.

3. Lack of an intelligent campaign instructing consumers how to butn Alberta coal correctly. The U. S. anthracite interests, through their Service Bureau, are spending in Canada nearly half a million dollars yearly for this purpose. Smokeless operators and coke manufacturers are doing likewise; in the latter instance 50¢ a ton for advertising is on the low side. How much is Alberta spending.

The coal consuming public of Ontario are what may be termed "Hard Boiled" when efforts are made to convince them that it is to their interest to use coal from our own mines. For years past they have had the advantage of a most satisfactory fuel to which they have become thoroughly accustomed. Competitive fuels have also entered the market during the past five years to such an extent that today the consumer is so favorably situated that it is difficult to persuade him he can gain anything by changing his fuel even at a lower price; in other words, he is quite satisfied.

There was, probably, never a more difficult time to sell Alberta coal for domestic purposes in Ontario. Prices for other fuels are reasonable with few complaints as to excessive spreads. Dealers who in the past had three or four bins to hold their supplies are today seeking greater space to build additional bins for the many fuels they are called upon to stock. They realize that such expansion adds considerably to overhead, and

they feel that the limit of such expansion has been reached unless increased trade demands are forthcoming.

Too many different grades and qualities of Alberta coal are apparently being marketed in Ontario. Many of the grades are popular; others are not, and one disgruntled consumer does more to retard the movement than a hundred satisfied ones can further it.

It is both a false and foolish idea to think that coal consumers in this province are going to be satisfied with lumps of coal weighing from 200 to 300 pounds when for practically the same price, and in many cases for less, they can obtain a carefully graded product and even dust treated. If Alberta coal is to be successful in Ontario, it must meet this preparation.

The movement of the past two seasons has demonstrated very clearly that something is wrong somewhere. The blame cannot lie with the Government for Governments cannot force people to purchase Alberta or any other particular coal. The cost of Alberta coal to the people of Ontario is too high by at least $2.00 per ton. A good instance of this is shown at the Head of the Lakes where the $6.75 rate does not apply, the regular rate being $6.50 and the cost of competitive fuels somewhat higher. Even at this point Alberta coal does not meet U. S. competition and if it cannot there, why expect it to do so at points much further inland and considerably more competitive. If the demand does not exist, measures must be taken to stimulate interest and, so far, that has not been done, except in a very general way and at little or no cost.

There does not appear to be any ready standard solution for the problem of marketing Alberta coal in Ontario. Merely putting test rates into effect does not create a market any more than putting into effect a rate which is not sound economically. It might be suggested that authority such as granted by Order in Council P.C. 439 might act as a boomerang and may be cited as a precedent for future experiments where the situation is less exceptional.

A suggestion is that the lines or limits might be shortened with good results to the Alberta operators and at much less cost to the Government. We will take for instance the Head of Lakes, or some such point, as a limit to which Alberta coal can be economically marketed, then exchange the $6.75 rate to Ontario for a graduated rate per ton mile from Alberta to that point, or rather the test movement shall commence at some point in Manitoba which is in competition with U. S. coals and extend to the logical limit of shipment which would not be difficult to fix.

Both railways have submitted to the Board of Railway Commissioners figures showing that it costs considerably over $6.75 to move coal from Ontario to the West. The point is, does the coal mining industry of Alberta expect to carry on its Ontario campaign irrespective of circumstances? Is it wise to interject

test movements or subsidized rates and allow then to become dominant factors in competitive struggles?

Considering for a moment the economic position of the coal operator, it is recognized that coal production is particularly subject to the laws of supply and demand. An excess of production cannot but lower prices which destroys the operator's profit. Differing from the manufacturer, it is difficult, and in many cases impossible, to bank coal and await changes in market conditions. The coal operator has to realize promptly on his labour and this handicaps against the coal industry and similarly agriculture in a manner which is not shared to the same extent by manufacturing industries.

Respectfully submitted,

F. G. Neate,
Secretary."

On December 3rd, 1929, Order in Council P.C. 2364 was made effective which changed one section of Order in Council P.C. 439 and instructed the Board of Railway Commissioners to determine the period of the test movement at not less than three months in each year.

The Board of Railway Commissioners handed down their findings under date of January 24th, 1930, in a 20 page report which is no doubt in the possession of the Commission.

On June 5th, 1930, the provisions of the test movement authorized under P.C. 439 were extended for a further period of one year.

Many representations were made to the Board of Railway Commissioners to have the movement of Alberta coal extended over a longer period each year and Order No. 45634 of the Board of Railway Commissioners, dated October 25th, 1930, did give a further period from October 25 to December 1. The Order reads as follows:

"SATURDAY, THE 25th DAY OF OCTOBER, A. D. 1930

S. J. McLean,
Asst. Chief Commissioner,
Hon. T. C. Harris,
Commissioner,
J. A. Stoneman,
Commissioner.

IN THE MATTER OF the Order of the Board No. 43897, dated November 30th, 1929, providing that, subject to the grain traffic having priority, the period of coal movement during the year 1929-1930 shall be from the 1st December, 1929, to the 31st July, 1930, both inclusive; and that a rate of

$6.75 per ton on coal movements provided for under Order in Council P.C. 439, dated March 16th, 1928, be established to be effective during the period of the test movements therein provided for, from the said 1st December, 1929, to the 31st July, 1930:

File No. 27425.90

UPON reading the written submissions filed on behalf of the Canadian Coal Committee and the Alberta Coal Operators; and upon the consents of the Canadian Pacific Railway Company and the Canadian National Railways subject to the conditions (1) that such movement is to be considered as taking place wholly in aid of the unemployment situation at the mine, and (2) that under no circumstances is such a movement to be considered as a precedent for any further extensions of the period originally contemplated.

THE BOARD ORDERS

1. That the period of coal movements during the year 1930, subject to the grain traffic having priority, be, and it is hereby fixed to commence October 25th, 1930, and to end December 1st, 1930.

2. That a rate of $6.75 per ton on coal movements provided for under the said Order in Council P.C. 439, dated March 16th, 1928, and Order in Council P.C. 1268, dated 5th June, 1930, be established to be effective during the period of the test movements herein provided for, namely, from the 25th day of October to the 1st day of December, 1930, both inclusive.

Sgd. S. J. McLean,
Assistant Chief Commissioner,
Board of Railway Commissioners for Canada."

On November 10th, 1930, I reported to the Board as follows:

"Memorandum to:

Dominion Fuel Board.

RE: Special assisted rate on Alberta domestic coals shipped to Ontario.

Order in Council P.C. 439 of March 16th, 1928, provided for a three years movement on coals shipped from the Alberta Coal fields to points in the province of Ontario.

The four salient points set forth were:

(1) That a temporary rate of $6.75 per ton be established to be effective for not less than three months in each year during the period of the test movement.

(2) That the cost of the movement under consideration be supervised by the Board of Railway Commissioners of Canada.

(3) That the cost of the movement be carefully checked by representatives selected by both the coal interests and the railways,

(4) That a detailed report of the representatives checking the cost of this movement shall be furnished the Board of Railway Commissioners for their consideration and that the full Board of Railway Commissioners, after hearing the parties interested, will determine from the evidence submitted to them what is a reasonable rate per ton, having in mind all the factors which, in the national interest, may properly be taken into consideration.

The first year movement (1928) was for a period of three months, such period having been set by the Board of Railway Commissioners, the tonnage moved being 32,064 tons.

The second year movement commenced on January 15th, 1929, and expired on July 31st, 1929, the tonnage moved being 37,148 tons.

This year (1930) upon further representations by the Alberta operators and, concurred in by the Board of Railway Commissioners, the period was further extended, commencing on December 1, 1929, and expiring July 31, 1930, the tonnage moved being 26,155 tons or a total for the three years movement to date being 95,367 tons.

The request now put forward by the Alberta operators, i.e. that the movement be made continuous or on an all year basis at a $6.00 rate is, I conclude, based on the fact that under the existing authority (P.C. 439), it is not possible to move any large tonnage to the Province of Ontario.

Just prior to the last election, the Order in Council, P.Q. 439, was extended for a further period of one year vide P.C. 1268 of June 5th, 1930.

The intent in both, the original Order in Council and its extension, was to provide for a test movement of Alberta coal to the Ontario markets with a view to determining the actual cost of moving the coal. If the success for the first three years has been of such a doubtful nature, it would seem expedient to smooth out some of the difficulties encountered in the Order in Council before extending it for a further period which in all probability will only corroborate results obtained during the three years.

Obviously, the only immediate answer to Alberta representations is that until the Government are informed by the Board of Railway Commissioners as to the result of this three year test movement, it has not the information upon which to base a judgment for future amendments, if any, which may be necessary.

Respectfully submitted,

F. G. Neate,
Secretary."

From 1930 until 1933 the movement was pretty much under the supervision of the Board of Railway Commissioners who

from time to time reported to the Minister of Mines the amounts due the railways and designated at what periods the coal should move and one further extension to the life of P.C.539 was granted by the approval of Order in Council P.C. 302 of February 9th, 1932.

Further representations were made by Alberta interests early in May, 1932, to have the cost ascertained of a specific movement of coal from Alberta to North Bay, Ontario, and to Toronto, this suggestion being concurred in, Order in Council P.C.1179 was made effective on May 18th, 1932, and the Board of Railway Commissioners issued their findings on February 1st, 1933.

With the specific findings on the Alberta - North Bay and Toronto movements available the Alberta operators again on April 4th, 1933, requested the Minister of Mines to establish a rate to Ontario and at the same time they had meetings with representatives of both railways in Montreal on April 12th, 1933. A letter addressed to the Minister of Mines and signed by the Vice Presidents of both railways set out what the railways were willing to do, the letter is as follows:

"Dear Mr. Gordon:

A conference was held here today between Mr. Stutchbury, Major Pullen and Mr. McBain, representing the coal operators of Alberta, and the undersigned, at which it was represented that the Government are anxious, as an emergency measure and to meet the distressed conditions caused by unemployment in the coal producing areas of Alberta, to continue for the period of approximately one year the movement of coal from Alberta to Ontario which has taken place pursuant to the provisions of Order in Council P.C. 439, which expired on 15th March, 1933.

It was represented that if the railways were willing to move coal under a published rate of $8.00, the Government would grant a subvention which would enable the coal to move at a rate to the consumer which would ensure a continuation and probable extension of the market.

In view of the above representations, the railways are willing, if the Government so desires, to carry the coal for $8.00 per ton, provided -

1. that this rate is to apply to points on our own rails and not to points on connecting lines in Ontario, as to such points there is an out of pocket expenditure involved.

2. The rate is to be recognized as an emergency one and will expire at the end of the coal shipping season - 31st March, 1934.

3. Before the arrangement could be consummated, it would have to receive the approval of the Board of Railway Commissioners and be made effective by an adequate Order in Council protecting the railways against any charge of discrimination, either from other coal producers or the shippers of any other commodity.

4. The railways would like the Order in Council to be prepared in collaboration with their representatives and the Board of Railway Commissioners.

Yours faithfully,

Alistair Fraser
Acting Vice President
Canadian National Railways.

George Stephen
Vice President
Canadian Pacific Railway Co.

The Hon. W. A. Gordon, M.P.
Minister of Mines, Ottawa."

On April 24th, 1933, Order in Council P.C. 740 was passed. A letter sent to the ice President of Traffic of both railways by the Hon. W. A. Gordon, Minister of Mines, is as follows:

"April 25, 1933.

Dear Mr. Fraser:

You will recall the conference held in my office on April 4th on the subject of the movement of coal from Alberta to Ontario points, and your subsequent letter of April 12th in which the Canadian Pacific and the Canadian National Railways agree to carry coal from Alberta to Ontario under a special rate of $8.00 per ton under certain conditions:

In order to assist this movement the Government has passed an Order in Council, P.C. 740 dated April 24th, 1933, providing for assistance by way of subvention on this movement to the extent of $2.50 per ton payable out of the sums voted by Parliament for such purposes and applicable to points where the freight rate is not less than $8.00 per ton. In consequence of this Order in Council and your proposal I would ask you to arrange with the Temiskaming and Northern Ontario Railway for the application of this rate to points on that line and then secure the approval of the Board of Railway Commissioners to an Order authorizing a special rate of $8.00 a ton to those points on the three railways as are covered by the Order in Council.

A copy of the Order in Council above referred to is attached hereto.

Yours faithfully,,"

In January, 1934, the Western Canada Fuel Association wrote the Prime Minister advocating a rate of $5.00 per ton on Alberta - Ontario movements but the request was not granted.

It would appear that the next appeal to Government was made by the Drumheller Board of Trade on August 14th, 1937, and their representations were pretty much the same as the resolution of the Western Canada Fuel Association. The submission was:

"Hon. Thomas Crerar,
Minister of Mines,
Dominion Government,
Ottawa, Ontario..

Dear Mr. Crerar:

Our Board desires to lay before you the seriousness of the situation in the domestic coal industry in Western Canada and to again press the need for a national fuel policy.

The coal consuming section of Western Canada has again suffered another crop failure and the result is bound to have a most serious effect on the unemployment situation so far faced through the prairie provinced.

It is not necessary for the writer to enlarge on the unemployment condition in the prairie provinces, past, present or future, as you have your finger on the pulse of the situation.

However, we would suggest consideration being given to the following suggestions for a National Coal Policy:-

1. All coal used in Public Buildings in Canada be of Canadian origin.

2. All coal supplied for relief purposes in Ontario be also wholly Canadian in origin inasmuch as both are paid for by public money.

3. Expand present subvention policy to a point adequate to meet competition of imported coal and coke. We have proposed that the railways allow a further 50¢ a ton reduction on freight and the National Unemployment Commission 50¢ as a bonus for creation of employment.

4. Ensure that imported fuels don't fluctuate in price to an extent that they nullify the purpose of the subventions. The steady decline in American anthracite prices during recent years is a case in point.

5. Allow subvention upon Alberta domestic coals - similar to that granted on bituminous coals - at points in Western Ontario where the normal freight rate is less than $8.00, i.e., 30 per cent of the regular rate.

6. Extend the subvention policy and cost rate of $8.00 now applying to Canadian National and Canadian Pacific Railways to a number of other railway systems in Ontario.

7. Widen the area now under subvention to include that portion of northwestern Quebec of which Noranda is the centre. Mining activity in the region between Noranda and Taschereau and on the T. & N.O. from Quebec boundary to Noranda indicates probably eight to ten thousand tons of coal would be absorbed.

Our Board feels that certain steps can be taken immediately to alleviate the unemployment in Alberta's second largest industry as well as one of Canada's great industries, while we feel consideration must be given to this great question. We feel that in the seven suggestions we have quoted there is a basis for action upon the part of the Dominion Government.

The old saying is that a good crop makes a good domestic coal year and it might be said with equal force a poor crop year means a poor coal year.

The need of meeting the present situation is apparent so our Board trusts that action will be taken by the Dominion Government to initiate an adequate coal policy.

Thanking you in advance for your usual kind consideration of the very important request made in this letter, I am,

Faithfully yours,

Signed John A. Mackay
SECRETARY."

My reply to the Vice Chairman of the Board under date of August 27th, 1937, is set out below:

"Memorandum to:

John McLeish, Esq.,
Vice Chairman,
Dominion Fuel Board.

The letter of August 14th from the Secretary, Drumheller Board of Trade, addressed to the Honorable the Minister of Mines and Resources, contains seven suggestions for a "National Coal Policy". These suggestions are, in fact, identical with the resolution passed at the 17th Annual Meeting of the Western Canada Fuel Association and which have been previously submitted to the Minister for his consideration.

Comments with respect to these suggestions are as follows:

1. "That all coal used in public buildings in Canada be of Canadian origin."

   This is partly a question of policy and partly a matter of the type of equipment already installed in public buildings and their suitability for burning Canadian coals. It is believed that wherever possible and where the differential between Canadian coal and foreign coal is not excessive, this policy is already in effect.

   The Dominion Fuel Board, under rulings of the Hon. W. A. Gordon, dated September 8, 1932, and November 7, 1934, (copies of which are attached) does not authorize payment of subvention on Canadian coal for Federal Government use except in the case of certain small buildings such as post offices in Northern Ontario. (These exceptions were made specifically with the object of assisting in the use of Alberta domestic coal in Ontario).

2. "That all coal supplied for relief purposes in Ontario be also wholly Canadian in origin inasmuch as both are paid for by public money."

   Agreements between the provinces and the Federal Government do not specify that coal purchased for relief purposes should be of any particular origin, grade or class. This question is left to the discretion of the Provincial or Municipal authorities.

   The Minister of Labour is of the opinion that to make this proposal effective it would be necessary to include in the agreements a clause definitely stating that coal used for relief purposes must be of Canadian origin. He sees no reason, however, to change the present method of administering relief coal.

3. "That the present subvention policy be expanded to a point adequate to meet competition of imported coal and coke. We have proposed that the railways allow a further 50¢ a ton reduction on freight and the National Unemployment Commission 50¢ as a bonus for creation of employment."

   This is entirely a matter of Governmental policy. The movement referred to is that of Alberta coal to Ontario under Order in Council P.C. 740 of April 24th, 1933, under which a subvention of $2.50 per ton is provided to any point in Ontario where the freight rate is $8.00 or over. Many memoranda on this subject are on file. It may be noted briefly that, in effect, assistance is also being provided to this movement by the railroads, whose regular rates to the Ontario points in question range from $8.00 to over $13.00, and that since Alberta domestic coals, as shown by tests carried out by the Division of Fuels and Fuel Testing, have a lower heat value per ton than the imported fuels with which they

may be in competition, it requires approximately 1½ tons of Alberta domestic coal to provide, in the ordinary domestic furnace, the same heating effect as one ton of United States anthracite. Consequently, in comparing the relative costs to the consumer of Alberta coal and imported coal this factor should be borne in mind. It is apparent that under present price schedules the consumer also provides a special contribution to the Alberta industry.

The 65,299 tons of Alberta coal moved to Ontario under P.C. 740 in 1936 cost the Dominion Government $163,076 in subventions and provided approximately 18,600 man-days work to Alberta mine employees - or equivalent to the steady employment of approximately 93 men.

4. "Ensure that imported fuels don't fluctuate in price to an extent that nullify the purpose of the subventions. The steady decline in American anthracite prices during recent years is a case in point."

American retail anthracite prices in the Toronto market declined on May 1, 1937, to $11.50 per ton for domestic sizes. This is $2.00 below the summer price in effect in May, 1936. Over the same period "line" Companies' mine prices have declined from $6.05 to $5.60 per ton, while freight charges have declined from $3.54 to $3.39. Dealers' costs and margins are computed as follows:-

U. S. Anthracite - Domestic Sizes

	May 1936	May 1937
Cash price at Mine (Line Companies)	$6.05	$5.60
Duty	.50	.50
Excise Tax	.20	.18
Freight to Toronto	3.54	3.39
	$10.29	$9.67
Retail price	13.50	11.50
Dealers' margin	$ 3.21	$1.83

The decline is thus composed of the following factors:

Decline in mine price	$0.45 per ton
Smaller Excise Tax	.02 " "
Reduced freight	.15 " "
Decline in Dealers' margin	1.38 " "
Total	$2.00

The reasons for this decline in retail prices must be looked for in the general competitive situation in the district. In part it is no doubt due to the competition of coke, British anthracite, fuel oil, natural gas (in certain districts of Ontario) and the wider use of domestic stokers using lower priced bituminous coal, but the largest single factor is probably in the competition of American Independent anthracite producers, whose mine prices are at the present time 50 cents below those of Line Companies, whereas last year they averaged about 25 cents lower.

A further factor has been the increasing use of certain American lower grade anthracites or semi-anthracites which can be bought at dealer costs of up to $1.50 less than usual Scranton prices. Some of the semi-anthracites referred to are on the borner line of the Canadian definition of anthracite for Customs purposes.

In recent years there has been a marked trend towards the use for domestic heating, in conjunction with a blower, of the smaller sizes of anthracite (formerly having a chiefly industrial outlet). American and Scotch anthracites, being non-clinkering, have not proved suitable for use with blowers, which require that the ash be removed in the form of a clinker. This trend has thrown an increasing amount of business to the small sizes of Welsh, Indo-Chinese and other foreign anthracites with clinkering characteristics and has tended to slacken the demand for the larger ("domestic") sizes of American anthracite. It is possible that this also has been a factor in the reduced prices for these sizes. At the same time small sizes of American anthracite are finding an increasing market in Ontario at prices practically unchanged in the last five years. They are used successfully in the sloping grate type of domestic furnace and for admixture with coke, as well as for certain industrial purposes. This has helped to maintain average realization at the mine for all sizes despite the drop in "domestic" sizes retail price.

Whatever the combination of causes, the retail price of "domestic" sizes of American anthracite in Toronto has declined by approximately $4.00 per ton since May 1931, of which $2.00 occurred this year. Nevertheless the shipments of Alberta coal to Ontario, under P.C. 740, have increased from 23,483 tons in 1932 to 65,229 tons in 1936.

In the same period the costs of operation of Alberta lignite mines have declined by 58 cents per ton and of Alberta sub-bituminous mines by $1.06 per ton, yet in 1936 the Alberta lignite industry shows a profit of only 2½ cents per ton and the sub-bituminous industry a loss of 8 cents per ton.

It is apparent, therefore, that the Alberta operators are not, as a whole, in a position to meet a $2.00 drop in the market.

Last winter Alberta coals were offered retail in Ontario centres for from $11.00 to $12.00 per ton. The present summer retail price for U. S. anthracite (domestic sizes) will probably be increased in the fall to about $12.00 at Toronto. At more distant Ontario points where additional freight accrues on the American anthracite, Alberta prices will perhaps still appear attractive. Hence, it may be anticipated that for the coming season Alberta will lost business in southern Ontario centres but may hold its position in northern Ontario.

5. "Allow subvention upon Alberta domestic coals - similar to that granted on bituminous coal - at points in Western Ontario where the normal freight rate is less than $8.00, i.e. 30 per cent of the regular rate."

The wording of this proposal is not clear. At present under Section 2(b) of Order in Council P.C. 894, any Alberta coal for other than domestic use can be shipped to any point in Ontario, with a subvention of 30% of the freight rate up to a maximum of $2.00 per ton. Those taking advantage of this assistance are chiefly large industrial users at Kenora, Ontario, and Hawk Lake, Ontario, who prefer bituminous coals.

The proposal appears to be to remove the restriction against domestic use in Ontario and thus help Alberta lignites and sub-bituminous coals to enter that area (which lies roughly between Jackfish and the Manitoba boundary) with subvention assistance under Order in Council P.C. 894. The competition would be between the Alberta domestic coals and United States anthracite, low volatile bituminous coal or coke, and with Algoma coke (made from U.S. coal). Representative prices and the subvention rates which would be involved are approximately as under:

Centre	Fuel	Approximate Laid-Down Prices - Wholesale	Subvention at 30%
Kenora, Ont.	Drumheller Lump	$8.50 to $9.70	$1.65
	Foothills Lump	10.30 to 10.80	1.89
	Pocahontas Lump	11.25	-
	U.S. Anthracite, stove	13.10	-
	U.S. Coke, stove	11.90	-
	Algoma Coke "	11.40	-
Ft. William	Drumheller Lump	$9.50 to $10.70	1.95
	Foothills Lump	11.20 to 11.70	2.00(Max)
	Pocahontas Lump	8.75	-
	U.S. Anthracite, stove	10.00	-
	U.S. Coke, stove	9.00	-
	Algoma Coke, stove	8.50	-

The business likely to result with the suggested subvention rates might amount to 20,000 tons per annum as a maximum after a year or two but would probably not exceed 10,000 tons the first year. A further study is being made with respect competitive conditions in this area.

6. "Extend the subvention policy and cost rate of $8.00 now applying to Canadian National and Canadian Pacific Railways to a number of other railway systems in Ontario."

This is a matter for negotiation between the shippers, the railroads concerned, and with the Canadian National Railways or the Canadian Pacific Railway Company. Joint arrangements for proportionate sharing of the rate cuts and subvention have already been reached with a number of railways. The railroad at which this proposal was probably aimed at the time was the Algoma Central. It is understood that a satisfactory arrangement has now been concluded to cover business terminating on that line.

7. "Widen the area now under subvention to include that portion of northwestern Quebec, of which Noranda is the centre. Mining activity in the region between Noranda and Taschereau and on the T. & N.O. from Quebec boundary to Noranda indicates probably eight to ten thousand tons of coal would be absorbed."

This proposal to add to the territory in Ontario covered by the flat freight rate of $8.00 less subvention of $2.50 under P.C. 740, a small section of northwestern Quebec covering the mining areas has been put forward on several occasions. The estimate that probably from eight to ten thousand tons of coal would be absorbed would appear to be a reasonable estimate.

To grant this request would be to give a subsidy of $2.50 per ton to Alberta coal, which would compete with Nova Scotia coal moved under assistance of $1.47. If this area in northwestern Quebec can be considered a logical market for Alberta coal then on the same mileage basis Nova Scotia coal can claim similar advantages from the Head of Lakes to Winnipeg.

Additional data are being compiled with respect to these suggestions so that full information will be available for the Fuel Sub-Committee of Cabinet when they consider same.

F. G. Neate,
Secretary."

In 1938 the request was made to include British Columbia Crow's Nest Pass coals under the Order in Council P.C. 740 and the following comments were forwarded by the Vice Chairman of the Board to the Hon. T. A. Crerar, Minister of Mines and Resources, together with a proposed amendment to P.C. 740.

"Memorandum to:

The Hon. T. A. Crerar,
Minister of Mines and Resources,
Ottawa, Ontario.

Re: Inclusion of the B.C. Crow's Nest Area for Shipments to Ontario under Benefit of Order in Council P.C. 740 of April 24, 1933.

Order in Council P.C. 740 was originally designed to assist the movement of the Alberta lignites to Central Ontario points for use in domestic heating. Their burning characteristics enabled them - with the benefit of the assistance - to compete in Ontario with high priced U. S. smokeless coals, coke and anthracite for that trade. For industrial use the cheap U. S. bituminous coals held the markets and it was considered improbable that Alberta bituminous coals - with their higher production costs - could

compete for industrial business, even with benefit of the assistance provided.

For these reasons no limitation as to usage was written into the Orders in Council, nor was any provision made for the bituminous field of the Crow's Nest Pass in British Columbia.

During the last two seasons certain Alberta bituminous coal producers in the Crow's Nest Pass and Coalspur areas have developed a small but increasing industrial market in a few northern Ontario points under benefit of P.C. 740. These points are so situated that U. S. coals carry a high rail freight rate, making their laid down prices in close approximation with those of Alberta and Nova Scotia bituminous coals moving under the assisted rates.

Consumers at these points claim that the admixture of Alberta bituminous coals of high ash fusion point characteristics with Nova Scotia coals of low ash fusion point enables them to use greater quantities of Nova Scotia coal than would otherwise be possible in substitution for U. S. bituminous coals.

To a small extent, also, sized bituminous coals from the Crow's Nest areas of Alberta have displaced Pocahontas and U. S. bituminous sized coals in the domestic market.

Shipments under P.C. 740 from the Crow's Nest Alberta bituminous mines to Ontario in 1937 and to October 31 in 1938 have been as follows:

Destination	1937 (net tons)	1938 (to Oct. 31) (net tons)
Chapleau	171	104
Kapuskasing	-	3,068
Kirkland Lake	-	99
Schumacher	-	33
South Porcupine	2,325	1,255
Sudbury	35	-
Timmins	104	81
	2,635	4,640

In addition to these tonnages of bituminous coal, several thousand tons of briquettes made from bituminous coal have been shipped under P.C. 740 from Alberta mines on the main line of the Canadian Pacific Railway Company and from the northern Alberta bituminous fields.

The bituminous mines of the Crow's Next area in British Columbia are but 22 to 58 miles further west than the Alberta Crow's Nest mines to which P.C. 740 presently applies. They are approximately the same distance from Ontario points as Canmore, Alberta, from which some thousands of tons of briquettes are shipped to Ontario, and about 100 miles less distant than the northern Alberta bituminous mines.

The Crow's Nest British Columbia bituminous mines - which compete with the Alberta mines under Order in Council P.C. 894 for business in Manitoba and Western Ontario - are, through their exclusion from the benefits of P.C. 740, at a prohibitive disadvantage of $2.50 per ton in competing with these Alberta mines for business in Northern Ontario.

Since it has been demonstrated that under present conditions a certain amount of business can be obtained in these areas, it sppears to be discriminatory to exclude the British Columbia areas (supplying the same types of coal as the Alberta areas) from the benefits of P.C. 740.

It would be a simple matter to amend Order in Council P.C. 740 by adding the words "and the Crow 's Nest Pass District of British Columbia". It would involve no extra cost to the Government and would satisfy the Crow's Nest Pass Coal Company Limited.

Chairman."

The railways were consulted as to whether they would be willing to include the Crow's Nest Pass Area in British Columbia to participate in the Alberta - Ontario tariff movement and they both agreed providing the provisions of P.C. 740 were continued. The Order in Council P.C. 3286 of January 4th, 1939, was then approved.

No further changes were made until October 1st, 1941, when the various Alberta Orders in Council were consolidated under P.C. 7588 of October 1, 1941.

BRITISH COLUMBIA

The question of granting assistance to the British Columbia coal industry was first brought to the attention of the Dominion Fuel Board in October, 1930 when I was instructed to attend a meeting between the Minister of Mines for British Columbia and representatives of the Coal Operators. This meeting was held in the office of the Provincial Minister of Mines on October 25, 1930 when the following points were submitted:

> That the bunkering of ocean going vessels with British Columbia coal was being seriously hampered by the competition of fuel oil;
>
> That Utah and other United States western coals were displacing Canadian coals previously sold in the Seattle market;
>
> That Canadian boats were finding it more economical to bunker in the Panama zone rather than at British Columbia coast ports.

It was suggested that if $1.00 per ton assistance was granted on all export business and on coal used for bunkering ocean-going vessels, an additional market of some 50,000 tons export and 25,000 bunkers might be obtained.

The competition with Chinese coal at Orient ports was $5.28 per long ton.

A memorandum submitted by the operators and the Provincial Minister of Mines at that time is set out as follows:

> "Memorandum with reference to the off-shore coal bunkering trade and export of Vancouver Island Collieries
>
> It is possible that considerable impetus could be given to the coal trade of Vancouver Island if the Federal Government could be persuaded to subsidize the coal industry to the extent of $1.00 per long ton on all coal shipped as bunker steam on off-shore vessels, and on all coal exported to countries outside of Canada, exclusive of the United States. The reason for excluding the United States is that in the event of the Canadian Government giving any subsidy to the export of coal from Canada to the United States, the United States

Government would put on a counter-vailing duty on any Canadian coal entering that country. Such an increase of duty on Canadian coal entering the United States would not be in the best interests of collieries in Canada who are now shipping coal into the United States.

Dealing forst with the bunkering trade, the present price of bunker steam coal from Vancouver Island is quoted at $6.00 per long ton. This price is high and cannot be materially reduced owing to the high cost of mining on Vancouver Island which is chiefly due to physical conditions underground which the operators are unable to alter. It is felt that if this price could be reduced to $5.00 per long ton with the aid of a subsidy of $1.00 per ton from the Federal Government that the number of coal burning vessels employed in the export of wheat and lumber from Canada could be materially increased. At the present time the collieries have very strong competition from Japanese coal, and it is a common practice for vessels engaged in the export trade to Japan and China to return to Canada from the Orient with heavy cargoes of Japanese coal sufficient to take the ship back again to the Orient without coaling in British Columbia. Further, a considerable reduction in the price of bunker coal would probably influence charterers of vessels to charter coal burning vessels rather than oil burners and motor ships. It is understood that the charter rates for coal burning vessels are lower than for other classes of steamers or motor boats.

As regards exports of domestic and other coals to countries outside Canada, it is expected that with the proposed subsidy the Vancouver Island collieries could acquire a considerable portion of the limited coal market in Peru and Chili. The Canadian collieries have already shipped coal successfully to Peru but since the return to work of the Australian miners, they have not been able to compete in price with Australian coal. These southern countries would be taking coal during the summer months in Canada, which are winter months in those countries, and the Canadian Collieries would be quite willing to make a considerable cut in their present price of domestic coal in addition to the subsidy proposed to be obtained from the Federal Government, the combination of which would, it is thought, enable the collieries to supply a considerable quantity of coal to South American States on the Pacific Coast.

It is not anticipated that the total amount which the Government would be called upon to pay in the way of subsidy would exceed $300,000.00 in any one calendar year. The bunkering trade done by the Vancouver Island Collieries does not exceed 100,000 tons per annum at the present time, and it is not anticipated that this trade would be increased by much more than 150,000 tons. The export trade, which does not exist at present, is not likely to exceed 50,000 tons per annum. Should the Government be called upon to subsidize the full amount of 300,000 tons at $1.00 per ton, this would mean the

expenditure of over $1,000,000.00 in Canada for wages paid to the employees of the coal industry. To produce 300,000 tons of coal on Vancouver Island would employ nearly 800 men, which together with their families represent a population of over 3,000, and a still greater population would be indirectly assisted by an increased output of coal on Vancouver Island. If by the subsidy asked for involving a sum of $300,000.00, eight hundred men could be kept employed all the year around, it would be the cheapest form of assistance which the Government could be called upon to render to the unemployment condition at present existing and which is likely to continue to exist until world trade increases considerably.

It is to be noted that some of the British Columbia coal mines, Alberta mines and the Nova Scotia mines are today being subsidized by the Federal Government at the rate of $1.00 per short tom to enable these mines to increase their trade in Canadian centres now largely supplied by United States fuel."

Upon my return to Ottawa, I submitted the request of the British Columbia operators and the representations of the British Columbia Government to the Board as outlined in the two memoranda herein set out:

"November 10, 1930.

"Memorandum to:

Dominion Fuel Board

Re: Proposed assistance to British Columbia Operators on coal shipped to South American Markets.

This question which has been put forward by the coal operators of ritish Columbia appears to have some merit inasmuch that it suggests the possibility of establishing new markets hitherto unexploited by Canadian coal interests.

From a cursory glance it would appear that the markets in countries such as Mexico, Chili, and Peru, are extremely limited particularly on account of the cheap fuel oil available. However, some coal is used which comes from Hampton Roads via the Panama Canal.

It is not likely that the market could be developed beyong a certain limited tonnage which after consulting various operators and bunkering agents I estimate would be from a minimum of 25,000 tons to a maximum of 50,000 tons.

In granting such assistance it might be necessary to consider the possible effect on Maritime Province coal interests who have in the past (admittedly with little success) endeavored to find an outlet for their coals in Brazil and the Argentine Republics. If such assistance were granted to British Columbia coal operators it might stimulate Eastern interests to again attempt to secure some tonnage in the Brazil and Argentine markets providing they obtained the same consideration.

Respectfully submitted,
F. G. Neate, Secretary."

"November 10, 1930

"Memorandum to:

Dominion Fuel Board

Re: Proposed assistance on Canadian coal.
used for Bunkering at British Columbia points.

The suggestion put forward by British Columbia coal operators that assistance of $1.00 per ton be considered on the bunkering of coal at British Columbia points might be analysed as follows:

At the present time the bunker trade for British Columbia coal amounts to approximately 100,000 tons annually. With the proposed assistance it is estimated that an additional 25,000 tons of bunkering could be secured.

The chief difficulties encountered by British Columbia operators is the intense competition from fuel oil and cheaper coal from the Orient. The former has cut in to at least 50 per cent of all coal bunkering at British Columbia ports.

Coal from the Orient comes in as ballast or double bunkers are taken at Chinese or Japanese ports, the cost differential being from $5.25 Orient to $6.25 Island.

It is also claimed that return bunkers are made at Panama by Canadian Government boats it being more favorable to do so.

If it were possible to apply a sliding scale of assistance on this class of coal it is possible some extra bunkering tonnage might become available.

Respectfully submitted,

F. G. Neate
Secretary."

In January 1931, the Minister of Mines for the Province of British Columbia communicated with the Hon. W. A. Gordon, Minister of Mines at Ottawa, pointing out that the coal industry on the Island was getting progressively worse and suggested that something practical be done to assist the industry.

The matter was reviewed by the Chairman of the Dominion Fuel Board who communicated his views to the Honorable W. A. Gordon under date of January 21, 1931.

"January 21, 1931

"Dear Mr. Gordon,

I have your memorandum of the 16th inst. enclosing letter received from the Hon. W. A. McKenzie regarding the coal situation on Vancouver Island.

Mr. Neate returned from the west this morning and I discussed with him the various phases of the British Columbia situation. You will remember he attended a meeting of the Coal Committee in Victoria last October and after studying the situation reported to the Board early in November.

The coal industry of British Columbia is undoubtedly in a bad way, the chief difficulty encountered being the intense competition from fuel oil. During 1930 it is estimated that fuel oil actually displaced over one million tons of coal in the Province of British Columbia.

Several remedies, of which I think you are familiar, have been suggested. Briefly they are as follows:

To apply a tax on all fuel oil imported making this also applicable to crude oil and giving a rebate on that which might be used after refining for purposes other than fuel. Such revenue to be used in assisting and stimulating the coal industry generally.

An impost such as suggested would have a two-fold object. It would give a closer margin of competition enabling British Columbia coal to compete in the fuel market and at the same time a revenue would be available which might be used in assisting the coal industry to:

(1) Secure a limited market in South America and

(2) Increase the coal bunkering of boats entering British Columbia ports.

The method of developing markets in Chili or Peru might be accomplished by two methods, i.e., that of bonusing to the extent of a certain amount per ton on coal exported to these countries or by utilizing C.G.M. vessels not otherwise engaged and subsidizing same to carry British Columbia coal direct to these South American ports.

In any event the immediate application of such assistance could not be very great as information available from authentic sources such as bunkering agents and operators would indicate a potential market of not more than 25,000 tons annually.

To assist Canadian coal for bunkering at British Columbia ports is a somewhat different matter. I do not agree with the operator's request for a straight bounty of $1.00 per ton on all coal bunkered as at the present time a market already exists for at least 100,000 tons annually. If assistance was contemplated it might be well to consider the suggestion that only the tonnage in excess of the annual market would be bonused and even that possibly on a sliding scale.

It is quite evident that under existing conditions the coal industry of British Columbia and particularly that of the Island cannot protect itself from fuel oil competition. The above suggested remedies are merely suggestions which after discussion may prove of some benefit if made effective.

Respectfully submitted,

Chairman."

The result was that Order in Council P.C. 1302 of May 30, 1931 was put into effect for the period June 1, 1931 to June 30, 1933.

It was not long after this Order in Council P.C. 1302 was passed that the President of the Island Collieries pointed out to the Hon. W. A. Gordon that the 25¢ per ton assistance was entirely insufficient to meet the situation and suggested $1.00 per ton on all export coal and 50¢ on coal used for bunkering.

The submission was accepted by the Government and by Order in Council P.C. 2699 of October 27, 1931 bunker coal was increased to 50¢ per ton and coal exported at the rate of $1.00 per ton.

A memorandum from the Chairman of the Dominion Fuel Board to the Hon. W. A. Gordon of February 9, 1932, reviewed the changes as follows:

Re: Increased assistance to British Colunbia coal industry

On 30th May, 1931, Order in Council P.C. 1302 was passed authorizing assistance of 25 cents per net ton to be paid coal producers or coal distributors on sales of coal mined in British Columbia and sold as fuel for ships' stores or for export to foreign countries, exception being made to exports for consumption in the United States of America.

Due to representations from Vancouver Board of Trade, Provincial Department of Mines and the Vancouver Island Coal Operators this Order in Council was changed on October 27, 1931, vide P.C. 2699. The changes made were as follows:

Paragraph 1 of Section 1 of P.C. 1302 was rescinded and the following substituted in lieu thereof:

> That with respect to coal mined in British Columbia, assistance to the extent of the sum of fifty cents per gross ton on coal sold as fuel for ships' stores and assistance to the extent of the sum of one dollar per gross ton on coal sold for export to foreign countries, be paid to coal producers or coal distributors in the manner and under the conditions set forth.

Clause (f) of Section (1) was also changed in that the total annual payments were increased from $50,000.00 to $100,000.00.

The reasons set forth by the Vancouver Board of Trade was that the 25 cents per net ton appeared to be inadequate to allow of new markets for British Columbia coal being established and insufficient to afford inducement to ship owners and ship charterers to place coal burning vessels on the Pacific coast in preference to ships consuming foreign fuel oil. It was further suggested that the bonus be increased from 25 cents to $1.00 per ton.

Communicating with the Honorable the Prime Minister, Mr. Villiers on June 8, 1931, stated that he was of the opinion that the subsidy was too low to afford him any assistance and that with $1.00 per ton he thought considerable increase in business might be assured, particularly on coal exported to South America. The 25 cents per ton was not considered sufficient to induce oil burning vessels to bunker with coal.

For the five months June to October inclusive tonnages bonused for bunker and export amounted to 37,780 tons at a cost of $9,445.00. From October to December 17,675 tons of coal were bonused at a cost of $8,349.50 or a total of 55,455 tons costing $17,794.50 from June to December inclusive.

It might be noted that the original Order in Council P.C. 1302 provided 25 cents per net ton but Order in Council P.C. 2699 bonused all coal on a gross ton basis. This is due to the fact that all tonnages for coastal or export markets are based on the gross ton.

In commenting upon the increased assistance, the General Manager of the Canadian Collieries (Dunsmuir) Limited, stated on December 2nd that it is hoped the additional assistance would induce the shipping companies to take additional tonnages and thought the average would be brought to between 9,000 and 10,000 tons per month.

They hope to secure at least an average of 1,000 tons per month of export business and he thought this could be taken as a fair estimate of what might be expected, although with the additional subvention they may be able to secure considerably more.

He believed an estimate of from 7,000 to 8,000 tons per month would cover their sales of bunkers for the months of December, January, February and March."

The passing of Order in Council P.C. 954 on May 30, 1933 extended the provisions of the previous Order in Council P.C. 2699 without change. During March 1934 Mr. A. W. Neill, M.P. proposed an increase on coal sold for bunkering purposes from 50¢ to $1.00 per ton. The memorandum of the Chairman of the Board to the Hon. W. A. Gordon, dated March 28, 1934, stated:

"Re: Mr. A. W. Neill's proposal of March 6th that subsidies on British Columbia coals sold for bunkering purposes be increased from 50 cents to $1.00 per ton.

The subsidies provided by P.C. 954 for British Columbia coals sold for ships' stores and for export were applicable during the calendar year 1933 to 53,904 gross tons -- all under the ships' stores section at the rate of 50 cents per gross ton. The cost to the Government thus amounted to $26,952.

Mr. Neill suggests that the effectiveness of this subsidy has not been in line with increased movements of coal from other mining fields of Canada during the past year as effected by Government subvention assistance, and that an increase in subsidy on bunker coal to $1.00 per gross ton would help to enlarge the market for this coal.

It is difficult to make any reliable estimate as to the additional tonnage of bunker coal which would be sold through an enlarged subsidy of $1.00 per gross ton. The great bulk of the overseas freight movement on the Pacific Coast is outward to countries where prices of bunker coal are much lower than in coastal British Columbia. Vessels returning light require ballast and naturally carry sufficient lower-cost bunker coal for the round trip. It is doubtful whether the additional 50 cents per gross ton subsidy proposed would have any substantial influence on the present practice of ships' bunkering with this cheaper coal abroad where at all possible. Colonel C. W. Villiers in a letter of March 23, 1934 states that he does not anticipate than an increased subsidy of $1.00 per gross ton would increase movements of bunker coal over 20,000 tons per annum. This appears to be an optimistic estimate under the present conditions already indicated. A more conservative figure would be 10,000 tons.

Assuming an increased sale of 10,000 gross tons, the annual movement of bunker coal under assistance would amount to 63,904 gross tons at a cost to the Government at the proposed $1.00 rate of $63,904 -- an increase of $36,952 over the 1933 cost of $26,952. It is thus apparent that the increased movement of 10,000 gross tons would have been effected through a Federal expenditure of $36,952, or in other words,

> that the real subsidy on the increased movement would be $3.70 per gross ton -- and if the maximum 20,000 ton increase anticipated by Colonel Villiers were secured it would be at a real subsidy cost of $2.35 per gross ton."

The current Order in Council P.C. 954 was rescinded and Order in Council P.C. 1112 of May 28, 1934, superseded it. In brief the changes were:

> If the coal operators increase the tonnage of coal sold for ships' bunkers over the specified 60,000 tons, then the assistance is increased from 50¢ to $1.00 per ton on the increased tonnage.

On August 1, 1939 submissions were made to the Federal Government by the Vancouver Island industry supported by the Provincial Minister of Mines seeking assistance to replace oil by coal now used by the railways. Briefly the situation was set out as follows:

> Re: Proposal to provide assistance to enable B. C. coal to displace fuel oil presently used by railways in B. C.
>
> Recent submissions from the Vancouver Island coal industry supported by the Minister of Mines for British Columbia, urge that Federal assistance should be provided to help B. C. coal to displace foreign fuel oil used by the railways in B. C. in considerable quantities for some years past.
>
> It is suggested that Order in Council P.C. 1122 of May 28, 1934, should be revised to incorporate such assistance as might be necessary. The justification for some form of assistance is based primarily upon the decline in the Vancouver Island coal industry which produced in 1938 but 52 per cent of the coal produced in 1928 with a loss in average annual employment over the same period of 1,040 wage-earners. Relief costs in the Nanaimo-Ladysmith area alone are reported at $276,000 annually, with other districts also heavily involved.
>
> The decline in this coal industry is due in large part to the use of imported fuel oil. In 1938 fuel oil used by the railways in B. C. was equivalent to approximately 380,000 net tons of coal. The price differential, on a coal basis, was from $1.00 to $1.60 per ton in favor of fuel oil.

Railway fuel oil consumption on Vancouver Island and on lines within economic range for coal shipments from Vancouver Island fields is equivalent to approximately 40,000 net tons of coal per annum and this tonnage is estimated to be the maximum which could be replaced with Vancouver Island coal if granted assistance at approximately $1.00 per net ton.

The balance of the fuel oil used by the railways in the province - amounting to approximately the equivalent of 355,000 net tons of coal - is consumed on the main lines of the C.P.R. east of Kamloops and on the C.N.R. east of Prince George.

The attached statement gives in detail, fuel used by the railways in British Columbia. It will be noted that of all fuel used, 60% is oil and 40% coal. It is estimated that B. C. coal displaced by fuel oil would amount to nearly one million tons annually.

F. G. Neate,
Secretary."

No action was taken in this request and the only change made was by granting a flat rate bonus of 75¢ on all coal sold for ships bunkers with no change on the export assistance. This was the last Order in Council passed and is still in effect, - P.C. 3971 of December 5, 1939.

DOMINION FUEL BOARD

RAILWAY CONSUMPTION OF COAL & OIL BY LOCOMOTIVE

BRITISH COLUMBIA

Fuel Oil

Imperial Gallons of Fuel Oil

Year	C.N.R.	C.P.R.	Other	Total
1933	18,620,260	23,768,021	2,733,054	45,121,335
1934	19,195,591	24,867,438	2,773,873	46,836,902
1935	14,007,774	25,479,480	2,843,982	42,331,236
1936	20,192,515	28,513,416	2,899,367	51,605,298
1937	19,566,785	27,401,573	2,925,199	49,893,557
1938	18,214,770	26,773,126	2,489,881	47,477,777

Equivalent Tons of Coal

1933	147,780	188,635	21,690	358,105
1934	152,346	197,360	22,016	371,722
1935	111,173	202,218	22,571	335,962
1936	160,258	226,297	23,010	409,565
1937	155,292	217,473	23,216	395,981
1938	144,562	212,485	19,761	376,808

Bituminous Coal
(net tons)

1933	48,036	183,007	7,413	238,456
1934	46,947	202,120	8,124	257,191
1935	42,194	207,830	4,243	254,267
1936	48,670	222,204	4,053	274,927
1937	40,572	220,478	2,888	263,938
1938	37,251	216,666	2,700[x]	256,887

Oil as % of Total

1933	60.2%
1934	59.1
1935	56.8
1936	59.8
1937	60.1
1938	59.5

126 gallons Fuel Oil equivalent to 1 net ton of coal.

x - Estimated.

Dominion Fuel Board,
August 1, 1939.

Very defective Volume

THE ROYAL COMMISSION ON COAL

Quebec City, P.Q., November 29th, 1945.

VOLUME LVIII

WITNESSES:

LIST OF EXHIBITS

- - - - -

Quebec, P.Q., November 29th, 1945.

The Royal Commission on Coal met at the Court House in the City of Quebec, Province of Quebec, on Thursday, the 29th day of November, 1945, at 10:00 o'clock A. M.

Present:

Hon. Mr. Justice W. F. Carroll, Chairman.

Hon. Mr. Justice C. C. McLaurin, Commissioner.

Angus J. Morrison, Esquire, Commissioner.

J. J. Frawley, K. C., Commission Counsel.

Robert D. Howland, Secretary.

BY MR. FRAWLEY - It was expected that the Minister of Mines for the Province of Nova Scotia would be here this morning to submit a supplementary brief, but late last night the Secretary received a telegram from Mr. Currie stating that he had been called home for an important meeting and would therefore be unable to attend this session, and therefore I will file the supplementary brief and it will not be read, but will be made an Exhibit.

EXHIBIT 262 - Supplementary Brief of the Government of Nova Scotia submitted by the Department of Mines.

BY THE CHAIRMAN - Where was Mr. Currie?

BY MR. FRAWLEY - His telegram is from Montreal. He asks us to correct one word in the brief and perhaps that can be done now. On page 6 the word "present" should be "peasant".

Exhibit 262 reads as follows:-

"Introductory

The Government of Nova Scotia through its Minister of Mines wishes to express its deep thanks to the Royal Commission on Coal for the opportunity that has been given to tender this supplementary submission. It also expresses its thanks for the consideration and patience exhibited in allowing such a period of time to elapse before filing the submission from the date when the request was made for permission to supplement what was said in the earlier brief. The hope is expressed that the Commission has not

been inconvenienced in any way, and if it has we present our apologies and offer as an extenuation the fact of the interruption caused by the sittings of the Dominion-Provincial Conference and other matters.

At the time the request was made to this honorable Commission for the granting of an opportunity to be heard further on the question of the nature of the public necessity of coal to Canada as a nation, only a few briefs were then before the Commission. It was then felt by the Department of Mines of Nova Scotia that its brief on behalf of the Government of Nova Scotia did not lay before the Commission in sufficiently clear and definite language, its belief that coal is vital to the well being of the Canadian people, to the development of Canada as a nation, and to the future status of Canada as an international power. However, since that time in June last, a number of briefs have been placed before you which express in very explicit language the studied conviction of many highly-placed and prominent bodies in Canada that coal is of paramount importance to the well-ordered and successful growth of our nation. Therefore, it may not be necessary to unduly amplify or enlarge upon the capable submissions on this point that are now before you.

COAL A NATIONAL AND NOT A LOCAL COMMODITY

From time to time in the past generation an increasingly large number of persons in all parts of Canada have directed their attention to the difficulties that surround the production and marketing of Canadian coal. Despite the arguments of those who, some from selfish and some from worthy motives, conclude that coal should be regarded, in all its implications and aspects, as a matter entirely local and not in any sense national, there is a large and intelligent body of opinion in Canada today that views the question in the first instance as a national one and secondarily as a local one.

This trend is evidenced by the speeches in the Dominion and Provincial parliaments by persons from all sections of Canada,

by newspapers, students of economics, reports and deliberations of Commissions of various kinds, and in other ways. It is evidenced from the terms of reference of this Royal Commission, which has been asked to, --

> "inquire into and report upon the problems of and matters pertaining to the coal industry in Canada, having regard, generally, to pre-war, present and anticipated post-war conditions and the probable future development of Canada."

During the earlier days when serious unemployment, transportation and other difficulties brought the coal problem to the attention of the country, there grew up a body of thinking which suggested the development of what came to be described as a National Coal Policy. It is probably true that those who saw the then existing conditions of the coal industry were endeavoring to direct the mind of the people along national rather than local lines. However, the opponents of this idea began at once to raise objections that had to do largely with form and procedure rather than with principles, and some confusion was created. Without appearing to be unduly technical in language or terms, we suggest that any future misinterpretations may be avoided by using the expression "public necessity" rather than the expression "coal policy". The emphasis would then be upon the declaration that coal is a public necessity for Canada as a nation, and that pursuant thereto and by virtue of that declaration there should arise out of and follow therefrom a policy that would make such provision as the circumstances would require to enforce the principle of public necessity.

In other words, it may avoid future misunderstanding if a clear distinction and discrimination is made between coal as a public necessity on the one hand and the procedural machinery of a policy on the other. If this were done the problem would be viewed by the Canadian people from its purely national aspect in the first instance rather than from its functional aspect. That is to say, if it can be established that coal is a national public necessity, then, no individual or group, whether in

parliament or elsewhere could be heard to erect such obstacles as would render inoperative the duties and responsibilities inherent in the principle of public necessity. No. principle of importance should be dissolved away, without more, because of the difficulties that may be experienced in applying it.

It may be said that whatever is essential to or indispensably requisite to the common good is necessary for that good. Without coal the common good of Canada would seriously suffer. To that extent at least coal may be said to be a public necessity. However, that is not the only basis upon which our submission is made. There is a wider ground which we herewith tender for consideration.

No argument need be elaborated in this modern day - and certainly not before this Royal Commission - that without the presence of its own and the accessibility to outside coal resources, Canada would not have made the development towards nationhood which it has. It is equally true that if Canada were denied the use of coal altogether it would revert to a peasant economy.

Nor is it desirable to detain the Commission with an account of the part coal has played in the history of modern world development, particularly from the days of the Industrial Revolution to our own time. Coal still supplies one-half of all the heat energy used in the world, and it will continue to be the basic resource for heat energy until scientific invention finds some other means.

PREVIOUS APPROVAL HAS BEEN SECTIONAL

Many of the nations of the world have been at pains to view their coal problem from a national aspect. This is particularly so in Europe where Governments have been impelled to this course by the effects of World War I, and from the realization that Europe might once again become the cock-pit of the world. Canada, alone, of all the nations has been the

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most reluctant to face the question squarely until the appointment of this Royal Commission. Heretofore, the approach has been largely one of a sectional or local nature, and has been dictated largely because of distress conditions in coal areas under the impetus of local bodies exerting pressure upon government to alleviate suffering. That was the modus vivendi of the coal subvention policy. That has been the philosophy of Government that has operated, except under stress of national emergency in two world wars. It is true that there is evidence here and there in parliamentary reports, in Dominion orders-in-council, in the setting up of the Dominion Fuel Board and in other ways, which would seem to indicate a strong trend towards viewing coal as a matter of national public policy. But we have not been able to find any definitive declaration by any Committee of the Dominion Parliament or in the powers setting up the Dominion Fuel Board that said formally that the reason for the various aids given to the coal industry was because of its national importance.

It should only require to be stated in order to be admitted that without coal Canada would cease to exist as such. Its railroad transportation would be seriously restricted, many of its industries would starve, its northern temperature would render habitation undesirable, there would be a recession in industrial development, a decrease in aggregate wealth, and a serious diminution of national prosperity and of the national income.

DEPENDENCE ON THE UNITED STATES

We realize that a strong argument has been advanced before the Commission, that Canada would be better served if it arranged its economy to one of dependence for its coal supply upon the vast resources of the United States, thus leaving the existing coal deposits of Canada to care only for the local areas adjacent to present mines. The complete answer to this argument is found in the coal shortage that has been very evident

in Canada because of the war, and which still exists. Canada has not yet been able to supply all its coal requirements from its own resources. This condition may exist for a long time. Apart altogether from any patriotic motive or a desire to help the Canadian coal industry, the full import of the modern development of global war must again and again be remembered by all the Canadian people. Events transpire with startling suddenness in this modern world and their effects are wide and unexpected. It is not inconceivable that at some future day the United States may find itself involved in a conflict which would make it impossible to supply Canadian requirements, even with all the good will in the world. As is said in the submission to the Royal Commission by the Coal Controller of Canada at page 36 under the sub-title "Strategic Reasons for Maintaining Canadian Coal Production by Government Action":-

> "Turning now to the more specific question of Canadian coal production there are some basic reasons why Canadian mines should be maintained at a level of productive capacity over and above the level that would be dictated by considerations of economic efficiency only.
>
> "There are in the Maritime Provinces many essential industries, and particularly the Sydney steel works, that depend upon coal. There is also that vital rail link connecting the interior with the all-weather port of Halifax. Twice within this generation, the Cape Breton mines have been pressed to the limit to supply the needs of these basic elements of our national defence. It would seem to be a strategic necessity that these mines should be maintained at some definite level of potential productive capacity. This, in turn, considering the type of mining, means that training and work must be provided there for a sufficient staff of qualified miners to produce those quantities of coal required under extraordinary circumstances to supply Maritime requirements. As the maintenance of the steel plant, the communication link from Halifax and a supply of coal for Newfoundland are all parts of the defence not only of Canada but of the whole North American continent, this is a matter of strategy that affects the United States as well as ourselves.
>
> "Turning from the Maritimes to the Western areas, the same consideration apply to the production of bituminous coal by our mines in the Mountain area.... These mines are the chief source of power for our

> railways and experience has proven twice in thirty years that we cannot afford to depend upon supplies from the United States in times when heavy demands in United States factories reduce the surplus usually available for export. There would seem to be no need to draw the same conclusions with regard to the mines on Vancouver Island, as it is obvious that these considerations are also applicable here."

We agree entirely with the Coal Controller in the conclusions he has reached in the foregoing excerpt. We include also in our main argument the wide aspects of the irreplaceable nature of coal for heat energy, the existence of large undeveloped coal resources in Canada, particularly in Western Canada, the social and economic position of established communities in coal regions, the future possibilities of research products from this the richest and greatest of all the earth's minerals, the historical evidence that that nation has risen most rapidly to eminence which has an abundance of coal, the existence of a market within Canada itself capable of absorbing Canadian output, and the stimulus of commercial security and enterprise incident upon the development by a people of the natural advantages within its own borders.

If, as the Coal Controller also says,-

> "If the foregoing is accepted and if it is the considered opinion that strategical necessity requires the maintenance of Canadian coal production at a level over and above the necessities of the local areas, the next problem is the means to be adopted to provide markets in adjacent areas for surplus coal.
>
> "If the earlier argument (trade argument,sic) is also accepted, that it is also necessary that coal be supplied to Canadian industry in these adjacent areas at a price comparable with that of their competitors in the world market, some means must be developed that will allow for the production and marketing of this coal and still protect both the standard of living of the miners and the capital position of the mines. This must mean some form of Government assistance, the payment of certain funds out of our national revenue as a form of insurance against future shortages in coal supply."

How much the more reason is there for saying that the people of Canada should assume responsibility for the creation of

such policies and the providing of such financial means as may be required to place the coal industry of Canada on such a foundation as will give effect to the declaration that coal in Canada is a national necessity.

VIEWS OF OTHER INSTITUTIONS

The important matter of viewing coal in Canada as a public necessity and the effects that should flow therefrom has been examined by a number of institutions and individuals in Canada. We shall select three of these for your consideration,-

1. The Coal Controller of Canada
2. Provincial Ministers of Mines
3. The Canadian Institute of Mining and Metallurgy.

1. THE COAL CONTROLLER

In an earlier part of this memorandum we have quoted some passages from the submission of the Coal Controller of Canada. That submission has further passages dealing with the same subject matter which the Commission will no doubt study in due course.

2. PROVINCIAL MINISTERS OF MINES

In November, 1944, the Provincial Ministers of Mines met at Vancouver, and among the matters discussed was the coal problem of Canada. In view of the intricate and important nature of the problem it was decided to give it further study and to discuss it at a session to be convened in April, 1945.

Accordingly, this meeting was held, at Quebec, presided over by the Chairman, Honorable Leslie Frost, Minister of Mines of Ontario, and at which all the Ministers of Mines of Canada except one were present or were represented. Serious discussion was again held relative to the coal question and there was unanimously passed the following resolution:-

> "The conference recommends that coal should be recognized and declared a national public necessity and that, arising from this, there should be a national coal policy."

The language of this resolution is not open to question as to its full meaning and import. It is to be observed that it differentiates between coal as a national public necessity and the matter of a national coal policy, and puts each expression in its proper sequence.

> "A discussion of the advantages or disadvantages of this condition forms no part of this brief. The condition is established and is part of the Canadian scheme of things. It is probable that the economic trend responsible for it will continue. It has already created disparity in population density and growth of industries; and as there is every indication that the disparity will persist, it is in the national interest to develop ways and means to compensate or ameliorate the differences."
>
> The Institute wholeheartedly supports the declaration from the conference of Provincial Ministers of Mines. It trusts that this submission will assist the Commission in its efforts to establish a national coal policy, to the end that the coal industry of Canada may be stabilized on a sound economic basis, capable of supporting prosperous communities and assisting in the re-establishment of the Canadian people."

To the foregoing may be added a reference from the Interim Report of the Dominion Fuel Board of 1923, page 25, as follows:

> "Had the war not compelled coal consumers in Manitoba to use Canadian coal they would probably still be under the delusion that only United States anthracite could be used to heat their homes."

Also the Report of the Royal Commission on Provincial Development and Rehabilitation, 1944 (Dawson Report) page 29,-

> "The second aspect of the National Policy, while also concerned with economic independence, stresses particularly the need for national development and stability and the necessity for utilizing the resources of all the provinces in the Dominion. The National Policy of a generation or two ago was built upon a protective tariff, and its repercussions in the Maritimes and in Western Canada are too well known to need any extended review here. Its genuine national character was lamentably absent, and in most instances national progress became almost completely identified with the development of the central provinces at the expense of the extremities. The promotion of the Nova Scotia coal industry, for example, had been one of the aims of Confederation, but somehow during the succeeding years the National

"Policy and the coal industry got badly out of step. In the post-war period the Dominion must make far more strenuous efforts than ever before to develop all parts of the nation simultaneously, and particular care must be taken to foster those industries for which each province seems especially adapted and those resources with which each is especially well equipped. Under any such conception of the national interest the fate of the Nova Scotia coal areas and of industrialized Cape Breton would be assured. Furthermore, it must not be forgotten that Nova Scotia is paying higher prices for an infinite number of commodities in order to sustain manufacturing industries in Quebec and Ontario; coal happens to be one of the few things those provinces do not possess; and any kind of provincial reciprocity demands that the central provinces do their part and consume the coal of their best customers, whether in Alberta or in Nova Scotia. Special concessions to the coal industry thus form a part of a more coherent and comprehensive National Policy and they also become acts of simple justice to mitigate in part the unequal pressures caused by other measures of the same policy.

Also Report of the Royal Commission, Provincial Economic Inquiry, 1934, page 32,-

"It should not be assumed that such assistance (to the coal industry) is necessarily a compassionate allowance to that industry. Not only is it doubtful whether the import duty upon coal is proportionately as high as the duties imposed upon other commodities -- when expressed as a percentage of wholesale prices in Canada it appears to be far below the latter --but the protection afforded to the industry by the means of an import duty is withdrawn in respect of coal employed for specified purposes. The subvention upon the movement of coal is therefore to be regarded not so much as a special grant to the industry but as a method of reducing the inequalities created by the amount of the protection and the payment of drawbacks under certain conditions. It is clear that the industry and its growth should be regarded as a subject calling for special legislation and special treatment, without which it would be the subject of adverse discrimination."

UNDESIRABILITY OF MARKETS OUTSIDE CANADA

NEW ENGLAND MARKET

From time to time there is heard the query, "why does not Nova Scotia coal seek to regain its old market in the New England States"? The answer is that conditions have so changed as to make it now highly improbable if not impossible to restore the situation existing in former days.

At the time the Dominion Coal Company, Limited in

1902 entered into a five-year contract to deliver 540,000 gross tons of coal to Everett, Mass., the price was $1.95 delivered, and the West Virginia coal fields had not reached the height of development they have since attained. With the years this tonnage was reduced until in 1913 the shipments totalled 258,630 gross tons. During the years of the World War I the shipments practically ceased.

Slack coal now sells in the Boston market for $6.50/6.75 a ton. As compared with the price of oil it is said that the present American coal price is $1.20/1.60 more than the coal price. Oil encroachments have cut into the coal market.

The tremendous development that has taken place in American coal production would call aloud in protest against any attempt to displace the New England market with Nova Scotia coal. The mine owners, the railway companies, the distribution and sales agencies are a powerful factor in American economy, and they would naturally resist with all the means at their disposal, any effort to reduce their market.

The railway companies of Eastern United States engage in a profitable coal transportation business. To retain this business to its fullest extent they might conceivably bring about a reduction in freight rates. Any International agreement between the two countries would need to be of the most rigid kind to meet such a contingency.

There is no question that Nova Scotia coal cannot enter New England on a competitive basis. To say that an international arrangement might be reached whereby Nova Scotia coal would find a zoned market in New England at less cost to the Canadian taxpayer than would be the case to move coal to Ontario under government assistance, leaves out of account the tremendous value to Canada of the development of Canadian coal resources for Canadian purposes. It leaves out of account that thereby Canada might at some future time be at the mercy of those

unforeseeable circumstances which occur with alarming frequency in this rapidly changing modern world.

Any proposal to fix a market area for Nova Scotia coal in New England must of necessity take into consideration the fact that any displacement of American coal by Nova Scotia coal in the New England market would not result in a mere exchange of tonnage as between one district and another. It will probably result in disadvantage to the Southern United States coal producers. Much of the coal consumed in New England is mined in New River, Pocahontas and Island Creek. It is brought from Hampton Roads by steamer and unloaded at New York, Boston, New Haven, etc. This coal moves inland by railway until it meets the competitive areas supplied by Pennsylvania and other coal.

We shall not delay the Commission by making reference to the difference in ash content between, let us say, the New River River field and the Nova Scotia field, and the question of whether or not ash removal equipment can be made available, as full information is now before the Commission.

In conclusion on this question of the New England market we desire to point out that even assuming that a bi-lateral arrangement could be made between Canada and the United States with respect to the New England market, it is certain that American coal producers would demand an equal tonnage for sale in the Ontario market. This would be bound to jeopardize Western Canada's present and future possibilities in the Ontario market.

OTHER OUTSIDE MARKETS

Nor would it be wise to seek markets for Nova Scotia surplus coal in Europe, because any such market would have only such stability as the unsettled political and economic conditions abroad would provide. If a market were developed abroad at the expense of the known and existing Canadian requirements, there would be no hope of regaining that market if foreign

disturbances interrupted shipments to Europe.

CANADIAN COAL AND THE ONTARIO MARKET

Much information has been placed before you with respect to the vital importance of not only retaining the pre-war market in Ontario, but of extending it so that greater stability will be provided for future markets. It is therefore not necessary to add further to this information.

But reference should perhaps be made to the great body of evidence submitted by American coal producing companies and by sales agencies both American and Canadian, which emphasize the serious consequences that would inevitably flow from any policy that would replace to a great extent the shipments of American coal to Canadian consumers in the markets of Central Canada. It is pointed out that large vested interests have been created because of past Canadian government policy, either tacit or implied, which permitted, or indeed encouraged, the importation of large quantities of American coal for Central Canada consumers, both by way of the construction of transportation facilities on the Great Lakes, the erection of storage structures, the establishment of sales organizations for normal peace time use, as well as by way of encouragement of importation because of war conditions. It is agreed that the existence of these practical considerations should influence the mind of the Commission away from any recommendation that would have the effect of closing the door to a reasonable supply of American coal for the Ontario market.

Furthermore, some evidence has been submitted in an effort to prove that Canadian consumers are now obliged and for a long time will be obliged to look to the United States for large tonnages of bituminous coal.

With respect to both of these arguments the Government of Nova Scotia readily admits their force and effect. But while making this admission, we contend that the weight of the argument should be restricted in its effect, that is to say,

restricted to the time when it may be possible for Canadian coal development to reach the point where it can supply the great bulk of Canadian consumption. So far as the second argument is concerned, namely, that Canadian coal consumers, particularly in Ontario, cannot get along without American coal, we are ready to admit that it would be beside the facts to deny, that Canadian coal development had not reached the place where it can supply full Canadian requirements. But that admission does not infringe in any way upon our main thesis, that Canadian coal is a national necessity, and that such policies as can be devised should be framed so as to lead some day to the supplying of Canadian requirements by Canadian production.

But while we admit the force of the arguments made on behalf of importations of certain quantities of American coal for Canadian needs, yet we desire to resist such intimations, either express or implied, that have been put forth from time to time that Canadian coal has no proper place at all in the Ontario market. The complete answer to such an argument is to be found in the fact that Ontario consumers did, until the interruption caused by the war, purchase large quantities of Canadian coal in ever increasing quantities each year. Within a reasonable time after the coal subvention policy took shape and the sales agencies of Canadian coal producing companies began to function, the consumption figures climbed from a few thousand tons in 1929 to a total for Nova Scotia coal alone of over 1,400,000 tons in 1939. If price conditions, quality conditions, delivery conditions were not adequate, then it is reasonable to assume, that there would not have been such a steady and marked annual increase in deliveries of Canadian coal. While it is true that some difficulties have been experienced in the matter of combustion facilities yet many Ontario establishments provided themselves with the necessary equipment and have found Canadian coal reasonably satisfactory, particularly for industrial uses, and found the price within

their cost range. Too much cannot be said by way of gratitude to the Ontario and Quebec business houses which encouraged the consumption of Canadian coal as a matter of Canadian national policy.

It can be said in the case of coal consumption in Quebec with even greater force than applies to Ontario that Canadian coal (in this instance Nova Scotia coal) has found an acceptable market among a wide variety of coal users. Other things being equal, there is no reason why Canadian coal cannot eventually find almost as great an amount of tonnage disposal in Ontario as has been the case with Quebec.

It is fair to conclude that, given the necessary government assistance, an improvement in the preparation of coal, and wider facilities of distribution, Canadian coal can secure an ever widening market in the industrialized province of Ontario.

THE ONTARIO MARKET AND HYDRO-ENERGY DEVELOPMENT

Arising out of and largely as a consequence of the war there has been a tremendous development of hydro electric energy in the province of Quebec. It is conceded that under the terrific pressure for munitions of war this development was wise and necessary. As the uses of this electric energy for war have come to an end there is now available for peace-time pursuits a large amount of power which, because of its low-cost rate, may displace about a million tons of coal. The records show that of the 2,000,000 H.P. of electric energy developed in Canada during the 1941-44 period, 1,762,000 H.P. was in the province of Quebec. This will displace 1,000,000 tons of coal in the Saguenay, St. Maurice and Quebec areas. The hydro development is taking the form of electric steam boilers for industrial uses which can undersell coal.

The additional amount of hydro development in Ontario is not great.

The effect of the loss of such a large tonnage of coal

upon the Nova Scotia coal industry needs only be stated to be appreciated. Granted that conditions of war inevitably tend to dislocation of industry in many instances, yet no nation can pass by unnoticed the unbalance that is created by conditions of this kind. If it had not been for the war it is highly probable that this great hydro development would not have taken place on such a vast scale and so rapidly. It is reasonable to assume that such industrial development as would take place in the area that can now be served almost totally by hydro energy, would have proceeded in a more orderly and more measured way, so that there would have been a place for coal as well as hydro.

So far as we are able to see there is no market in sight to fill in the gap left by this hydro development in Quebec, except the Ontario market. There is no further room for needed market expansion except in the Province of Ontario. Both East and West feel that they should have a fair share of it.

SOME OBSERVATIONS ON METHOD
SUBVENTIONS? SUBSIDIES? ETC.

It is realized that even if it is admitted that coal is a national public necessity, and that it is therefore the duty of the nation to construct such a national policy as will enable Canadian coal mines to secure a market in Canada for present and future needs, there will remain the question of the best means to be adopted.

If the economic, trade and financial conditions of Canada should happen to be restored as they were in 1939, then the coal industry of Nova Scotia and probably of the Canadian West, would be satisfied with the policy of railway subventions, with, of course, such adjustments upwards as might be required.

But the future, even the short-range future, cannot be charted. Costs of production have risen, a loss of markets due to the war has occurred, the world-coal situation is in an unsettled state, wage and cost and price-fixing factors that did not exist in 1939 are now present, and many

other conditions exist that render the laying down of any rigid formula a difficult matter indeed.

We favor the railway subventions policy, even though we do not entirely approve of the methods of application in the past. Yet we cannot see that it alone will be sifficient as an overall policy or will be completely effective for some considerable time. There would appear to be the undoubted need for subsidies or grants-in-aid, loans for new development and for the preparation and processing of coal, if the industry is to be put upon a sound and stable basis.

ZONING AREA

It is our considered opinion that a policy of fixing areas in the Province of Ontario for use of Canadian coal only, on the one hand, and American or other foreign coal, on the other, presents so many difficulties that it would be impracticable and unworkable. The delimitation of the areas would lead to misunderstanding and bitterness, the international arrangements necessary would be most difficult of accomplishment, and the fluctuation in demand for coal that might arise due to possible changes in economic conditions within the areas, would create obstacles that could not be surmounted.

GOVERNMENT CONTROL OF THE COAL INDUSTRY

The question might well be asked, if the taxpayers of Canada are to be asked to continue and to increase payments of transportation subventions and to pay subsidies and make loans, then should not these taxpayers through the Dominion Parliament take over the ownership, direction and control of the Canadian coal industry? To that question we reply that it cannot be shown that the common good of the nation so requires.

No one, surely, would suggest that when it became necessary for the Dominion Government to grant financial aid to the prairie farmers of the Canadian West for wheat acreage reduction, prairie farm assistance and in connection with prairie farm income, that therefore the Government should have

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taken over the ownership, direction and control of the western farms.

The granting of money to an industry by a government is not of itself sufficient to justify the taking over of the industry as a state enterprise. The only justification based on natural law or ethics that there can be for state confiscation or state absorption of private property is that the common good requires it. It has not been proved nor can it be proved that the management of the Canadian coal industry or the conduct of those who work in it, has been so bad as to say that the common good has been seriously injured.

SOME DIRECTORY POWERS MAY BE REQUIRED

The foregoing does not mean that the Dominion Government should play no part in the general production, development and marketing program of the coal trade. We would recommend that in addition to the various bodies now set up in connection with the coal industry, there should be formed some engineering institution that would be able to give to the government, the coal industry and the people generally an engineering analysis of the economics of the individual and general coal mine projects and give advice to the Dominion Government and through it to the various provincial governments and other interested parties, on the problems of production, consumption, conservation, development and other matters. In this way the public interest would be protected and the aspects of national public policy advanced.

Dated at Halifax, Nova Scotia, this 12th day of November, 1945.

(Sgd) L. D. CURRIE

Minister of Mines."

BY MR. FRAWLEY - Now we have a joint brief presented by Le Syndicat National du Combustible, Inc. (National Fuel Syndicate Inc.) and E. J. Chartier & Company, Reg'd. Mr. Oscar Drouin is acting for these people, and the brief was filed with us some days ago. This will be Exhibit No. 263. Speaking of the Exhibit, attached to the original, and only to the original, were two documents, one a set of regulations governing the unloading of coal, and a chart, a small sized chart called National Harbour Board Public Coal Dock and property leased to coal companies.

Because of the fact that only one map of the harbour was sent to us, I had the National Harbour Board make a copy.

BY MR. DROUIN - When we sent the brief, a few days after I sent a letter to the Manager of the Harbour Commission asking him to be here with other maps this morning, and other regulations of the coal companies, Mr. Beaudry.

BY MR. FRAWLEY - I have made some copies of the English translation of those regulations, but at the moment I think we can proceed to put the brief into the record, and as need for consulting the regulations arises I can let you have some copies of those translations.

BY COMMISSIONER MORRISON - Are you numbering the map?

BY MR. FRAWLEY - Perhaps it might be. It is just an enlargement of the one attached to the original brief. We will make it Exhibit 264.

BY THE CHAIRMAN - Has the National Harbour Board had notice of this?

BY MR. DROUIN - They have notice to this extent, that they had a copy of the brief sent to them, and I have had some conversation with the Executive Secretary.

BY COMMISSIONER McLAURIN - But this is the only brief?

BY MR. FRAWLEY - Yes, being submitted at this time. One of the maps you have will be the official copy.

MR. OSCAR DROUIN then reads Exhibit 263, as follows:

Honourable Commissioners:-

Those who are presenting this brief, the Syndicat National du Combustible, Inc., (National Fuel Syndicate, Inc.) and E. J. Chartier Reg'd. are glad to welcome the members of your Commission to the historic city of Quebec.

We are satisfied to see that your Commission has decided to conduct hearings in our City; all the more satisfied because the initiative of requesting your presence has been taken by us, with the support of many persons and organizations such as the Board of Trade, and specially the City of Quebec who has given its effective cooperation for which we thank the City authorities.

However, attempts have been made to prevent your Commission from coming to Quebec. It had not been decided yet if your Commission would come to Quebec and we have been obliged to struggle before the Retail Merchants' Association, (Fuel Section) in order to put forth our viewpoint in the name of the Association, but the Association decided, by a majority vote, not to send any representative to Montreal and we were obliged to go to Montreal to submit our individual viewpoint.

Moreover, when it was intended to ask the City of Quebec to pass a resolution asking your Commission to come to our City, certain members of the Retail Merchants' Association (Fuel Section), presented themselves at the City Hall, without being authorized by resolution, to ask the City of Quebec not to request your presence here.

We will enter into details on this chapter later on when the question of the exclusive control exercized here is discussed and we will establish in a conclusive manner that these manoeuvres are evidently due to the influence of the companies of the Webster group who, directly or indirectly, cause their influence to bear upon many members of the Board of Directors of the Retail Merchants' Association of Canada, Inc. (Fuel Section).

We have confidence in the great reputation and the recognized integrity of the members who form this Commission. To date they have fulfilled their duties in such a manner as to warrant the consideration of their fellow citizens.

We hope that your Commission will solve a problem which has not yet been settled, especially for the district of Quebec. In order to solve this problem, we humbly submit that your Commission cannot hope to succeed unless it recommends that the most energetic and the most radical measures possible be taken, otherwise the recommendations of the Commission will not reach the desired aim.

As regards the district of Quebec, the same control and the same situation exist practically, as at the time of the 1933 and 1937 enquiries, and the situation has even grown worse due to a control and a centralization still more rigid than formerly.

Charges have been made before 1933, an enquiry has taken place in 1933; spectacular law-suits have occurred; condemnations have been imposed, a further enquiry has taken place in 1937, additional recommendations have been urged, and nevertheless the situation is always the same.

We must come to the conclusion that since at least twelve years, the same problem has remained unsolved, that its acuteness has been accentuated, that it has become more serious in some domains.

We regret to state that after twelve years of struggle, the Webster group has proven itself stronger than the governments, stronger than justice and stronger than the Commissions.

We also regret to say that, if your Commission does not adopt energetic and radical measures, the same evil will continue to subsist and the nomination of another Commission will be necessary in a few years to settle a problem for which no solution has been found because certain companies prove to the public by their acts that they are stronger than the governments

and the public organisms.

After twelve years of struggle the situation has remained unchanged; concentration of exporting power in the hands of a few in the United Kingdom, impossibility in practice for an independent merchant to import, impossibility of obtaining delivery at Quebec because facilities for delivery and wharves are under the control of the Webster group; unfair methods used in order to deliver bad coal to those who competition is feared; wholesale dealers who, not satisfied of having a monopoly on the wholesale market, enter the field of the retail trade, personally or by means of their affiliated companies or subsidiaries, thus competing with the same merchants to whom they sell; control and centralization of everything. This is a summary of the situation after more than twelve years of useless efforts of the public organisms in order to cause this evil to disappear.

The reports of 1933 and 1937 are clear, they demonstrate the existence of this monopoly as regards anthracite. The Commissioner who presented the 1937 report, gave an excellent description of the fruitful efforts of late Senator Webster to buy out all the companies who were in his way.

BY MR. DROUIN - I must say at the end of the reading of this brief I will add a few resolutions from merchants from Quebec and the public organisms supporting the general demands of our brief.

BY THE CHAIRMAN - Who was at the head of the 1937 Commission?

BY MR. FRAWLEY - I think we should have it on the record. When you refer to the 1933 enquiry in your brief you are referring to the investigation under the Combines Investigation Act conducted by Mr. McGregor, the Commissioner?

A. Yes.

Q. And when you speak of the 1937 enquiry you are referring to the enquiry under the Combines Investigation Act conducted by Dr. H. M. Tory?

A. That is right.

MR. DROUIN continues brief.

He organized himself in Wales and Scotland in order to pass the necessary arrangements with the great collieries with the object of centralizing the export trade to Canada; after having seen to it that the great producing companies or those selling coal agree among themselves so as to not harm one another, concerning the quantity of tons to be delivered; after having seen to it before the war, that the German, Belgium or Indo-China coal be excluded, Senator Webster, as we have said before, organized himself, so as to spread deliveries of coal in Canada over clearly defined territories, leaving one company belonging to the group in control of the Nova Scotia section, the Ontario section in the hands of affiliated companies who had an understanding so as not to harm one another; in Montreal, the control was left to two or three companies principally, not only having an agreement so as not to harm one another, but furthermore controlled directly or indirectly by the Webster group. The same Senator had established in Quebec a system by which he bought out certain companies, exercising thereby a rigid control on the sale and delivery in the wholesale and retail trade, and today this Webster group is trying to remove from its path especially the companies who can create effective competition, those who are presenting this brief, Le Syndicat National du Combustible, Inc. (National Fuel Syndicate Inc.) and E. J. Chartier & Co. Reg'd.

The whole method is exposed in an admirable manner by the report of the enquiry of 1937, to which we refer the members of the Commission.

At the 1933 enquiry, serious charges were made; neither this enquiry, nor the law-suits, nor the condemnations, nor the enquiry of 1937, have induced the Webster group to halt in their march towards centralization. At the time, charges were made, in 1932, which justified the holding of the 1933 enquiry. The Canadian Import Co., in order to consolidate its position in Quebec, had previously bought the Quebec Coal Company and

later, Madden & Son.

A Quebec Company, Lane & Robitaille, was in a position to constitute a special danger as regards competition, seeing that it was supported by a company having its head office in the United Kingdom and thus could obtain its supplies directly. As mentioned in the 1937 enquiry, Senator Webster bought the said Company by conducting secret negotiations in order to take hold of the market, whereas the administrators of this company in Quebec were not even acquainted with these dealings. (See Enquiry of 1937).

By purchasing the Quebec Coal Company, Madden & Son and Lane & Robitaille, the Canadian Import Company obtained thereby all the means of control, on the imports, the sale and the distribution of coal in the district of Quebec and was in a position to secure control of the retail market through its subsidiaries, affiliated companies and by its direct dealings with the consumers.

BY THE CHAIRMAN - Were these things done during the Enquiry, those companies bought out?

A. As I figure as regards Madden & Son, it was bought before the 1933 Enquiry, and the Quebec Coal also, and the Lane & Robitaille, yes, because it is mentioned in the 1937 Report.

MR. DROUIN continues brief.

Let us speak now of the other Quebec merchants.

The Dominion Coal Company is the company who delivers bituminous coal from Nova Scotia on the wharves at Quebec. It has but two nominal agents at Quebec, but in fact the Dominion Coal Company has but one representative, i.e. The Canadian Import Company. It is impossible for the Quebec dealers to buy good Nova Scotia bituminous coal without passing by the Canadian Import Company, who happens to be exclusive agent for the Dominion Coal Company.

BY THE CHAIRMAN - Some say it is impossible to buy good Nova Scotia coal anyway.

A. When I mention good Nova Scotia coal, I think that you know what I am mentioning, the best.

MR. DROUIN continues brief

Later on we will discuss this question of bituminous coal, but for the present, we wish to have you take notice that we are truthfully informed that Mr. Colin Webster, president of the Canadian Import Company, is at the same time a director of the Dominion Coal Company.

There are in all twenty-nine (29) licensed coal dealers in Quebec, but there are only fourteen (14) who belong to the Retail Merchants' Association, Inc. (Fuel Section).

Who are the members of this Association:

The members of the Association are:

The Canadian Import Company, Limited.

Madden & Son, Limited.

Celestin Cote,

Georges Couillard, Reg'd.

Aristide Dupuis,

Alfred Giroux,

Lachance & Frere,

L. E. Caron Limited,

Lane & Robitaille, Limited,

Francois Nolin & Fils,

Quebec Coal Company, Limited,

L. Saillant & Fils,

Syndicat National de Combustible, Inc.

E. J. Chartier & Company, Reg'd.

BY THE CHAIRMAN - Just one moment, when you say that only 14 of the 29 belong to this Association, are the others debarred?

A. No, but in fact they have not made application to be members of that Association.

MR. DROUIN continues brief.

And now we give you the list of the officers of this Association in Quebec:

President: Celestin Cote,

1st Vice President - Patrick Gingras, (Syndicat National du Combustible, Inc.)

3rd V. Pres. - Thomas Duhamel, (E.J. Chartier & Co. R.)

Treasurer: J. A. Couture, (Madden & Son. Ltd.)

Secretary: H. P. Couillard, (Geo. Couillard Reg'd)

Directors: Adrien Robitaille, (Lane & Robitaille L.)

Alfred Giroux,

Emilio Lachance, (Lachance & Frere)

Louis Saillant, (L. Saillant & Fils)

Georges Faucher, (Quebec Coal Co. Ltd.)

We easily see the influence exercised by the Webster group, directly or indirectly in the Association.

We have credible information that many of the dealers, apart from the subsidiary companies of the Webster group, receive special privileges from the said Webster group, which others do not get, and thus are directly or indirectly dependent of this group.

This influence has manifested itself when members, being under the impression that the coming of the present Commission to Quebec was doubtful, presented a resolution to the Association so that it would authorize the sending of representatives to Montreal to submit necessary representations and pray your Commission to come to Quebec to conduct hearings and establish the situation of the coal trade here in general.

This proposal has been beaten by a majority vote of eight to four (8 to 4) and the undersigned were obliged to present themselves individually before the Commission in Montreal. Those who voted for the proposal were: Syndicat National du Combustible, Inc., E. J. Chartier & Company, Reg'd., L. E. Caron, Ltd., and Aristide Dupuis.

When the undersigned were informed of these facts, the undertook the necessary proceedings before the municipal authorities of Quebec, asking that the City of Quebec avail itself of its influence and request the members of your

Commission to conduct hearings in Quebec; a resolution was passed by the Administrative Committee to that effect.

However, this resolution had to be approved by the City Council itself.

The President of the Retail Merchants' Association (Fuel Section) went to the City Hall, before the meeting of the City Council, accompanied by Mr. W. Q. Stobo, and there, Mr. Celestin Cote, handed to his Worship the Mayor a letter, a copy of which is cited below; this letter bore the heading of the Retail Merchants' Association of Canada, Inc. (Fuel Section).

(TRANSLATION)

"His Worship the Mayor, L. H. Borne,
City Hall, Quebec.

Your Honour:-

I learn by the newspapers that the Administrative Committee has passed a resolution yesterday asking the Royal Commission on Coal to conduct hearings in the City of Quebec.

In my capacity as President of the Retail Merchants' Association of Canada, (Fuel Section), of the district of Quebec, I wish to inform the City of Quebec that our Association has already discussed the opportunity of being represented before the Commission when it conducted hearings during the month of August last, in Montreal and that it had been decided that the Association did not see any reason requiring that it be represented as a body before the Commission, seeing that, actually, there is no serious grievance regarding the distribution of coal in the City of Quebec, which distribution is conducted under the supervision of the government and subject to prices fixed by the Government.

That is why our Association does not see what advantages could be obtained presently by causing the Commission to hold sittings in the City of Quebec.

Moreover, I understand that it does not belong to the Commission to enquire into the manner in which the coal is distributed in the Cities of the Dominion of Canada. It seems

he would have at his disposal his proper wharf for the unloading of coal, and this does not exist, purchase actually his coal directly from Wales, or Scotland, or the United States, or Russia, or Germany, or Belgium, or Indo-China? Actually the importation of Russian, German, Belgium, Indo-China coal is an imprecise matter on which we cannot pronounce ourselves but which nevertheless must be faced seriously as a possibility in the future, having on hand the means of unloading and the necessary wharves.

Actually bituminous coal and anthracite, on account of the war, come exclusively or nearly all from the United States but before long, anthracite and bituminous coal will resume their normal course between the United Kingdom and Canada.

As regards the purchases in the United States as affecting the sales to the dealers of Quebec or elsewhere, it seems that theoretically these purchases can be made freely but it must be noticed that a great many of the line companies are represented by the Webster group. As to the independent companies of the United States, for special reasons, their coal cannot easily be sold on the Canadian market.

In the United-Kingdom, as we have said a while ago, a most perfect control exists. However, although it might be difficult for an independent buyer to supply himself in England when normal conditions prevail, it is sure that a buyer who would take the means, would finally be in a position to buy directly from the independent companies of the United-Kingdom, always having in mind that the necessary wharves are available.

The monopoly on coal is organized in England, specially as regards distribution. We do not intend to discuss this point at length but the Canadian Government has the duty if establishing freedom of trade, to see that it be maintained, and it has the obligation of destroying the combines detrimental

to this liberty, by radical measures and not otherwise.

If the Federal Government is convinced that the freedom of trade concerning the coal business does not exist, it can re-establish it, and in such a case, by means of energetic measures; the Webster group have licenses which are permits to import and distribute coal; the Canadian Government if it so desires, cal settle this question all at once by surpressing these licenses in the possession of the Webster group and of the other interested companies, and advising them that their licenses will be cancelled as long as it will not be permitted to an independent buyer to purchase directly from the Amalgamated Collieries, the Pasco or other important companies of the United-Kingdom. By this method the problem would be radically settled at once, and a master-stroke would dispose of this question once and for all.

There is mention of State ownership of the mines in England; this is a possibility. Evidently this would probably be a death warrant for the monopoly as regards the United-Kingdom and then the independent buyers could buy their coal freely from that country, because once the nationalization of the mines has been accomplished, it is evident that it would affect the distribution and this distribution trust would not be tolerated as it is presently. And we would suggest that your Commission pray the Federal Government to make the necessary diplomatic representations to the English Government asking that the monopoly on the export trade be broken as detrimental to the freedom of Canadian trade.

In this way, if the Canadian Government does its duty, and if a Canadian buyer, a Quebecer for instance is given the opportunity of buying in all freedom on the other side, he can do so, providing the problem of unloading facilities and the obtaining of wharves be solved.

BY THE CHAIRMAN - Are you saying that today the coal dealers of England outside of the group that furnish coal to the

importers here, that they would refuse to sell you or me?

A. No, I say if we have the proper wharves and if we are put in a situation of buying, then we can buy from the independent producers of England.

Q. Then why get the Government to interfere?

A. Well because, as you will see in the report of the Coal Commission, Senator Webster organized all those controls in England itself, and as later I think I am speaking of that matter, of course the Canadian authorities have no legal jurisdiction on persons working as Senator Webster and the so-called monopoly.

Q. There must be other companies in the United Kingdom, Wales or Scotland who would have coal available to come to this country, apart from the companies that the importers of the Webster group are importing from?

A. Yes.

Q. And you say the reason you don't get that is that you have not the wharf facilities?

A. Yes.

Q. Is not that the root of your trouble?

A. Yes, probably, and there is another question which I will submit which is very important for the Commission, it is the question of the bituminous coal coming through the Dominion Coal Company.

BY MR. FRAWLEY - Before we leave the question, I don't quite understand you on page 13 where you say there is a perfect control in the United Kingdom, and then you go on and say "although it might be difficult for an independent buyer to supply himself in England when normal conditions prevail, it is sure that a buyer who would take the means, would finally be in a position to buy directly from the Independent companies of the United Kingdom..."

A. Yes.

Q. What do you mean?

A. When I speak of perfect control in England, I mean control by the Webster group, that the Amalgamated Collieries control all the coal. And as regards the remark made by the President, there are other companies in England that can supply the coal there, but we are actually in the impossibility of buying that coal from independent producers in England.

BY THE CHAIRMAN - Why?

A. Because we have not the wharves.

Q. You don't need then to suggest to us that we should get the Dominion Government to do away with their export licenses or anything like that.

A. This brief is a general brief. Of course it contains parts in the interests of the general public, and part in the interests of my clients. And I maintain that this control even respecting the question only of what the Webster group is doing in the United Kingdom, I meaitain that this monopoly of the Webster group organized in England should be broken up by the Government as a general policy.

BY COMMISSIONER MORRISON - In the public interests?

A. Yes.

MR. DROUIN continues brief

Let us now discuss the question of wharves at Quebec, this question having been brought up at the enquiry of 1933, the enquiry of 1937, and we will say immediately that free and independent wharves, under actual conditions, are non-existant, and that the Webster group has more wharves at its disposal than before; that it has established a rigid control, causing the elimination of all competition.

We will make the necessary distinctions between anthracite and bituminous coal, according as this work requires them.

Let us speak first of the unloading of bituminous and anthracite coal. All coal, of whatever sort, arriving by water, is unloaded at Quebec by means of the equipment of the

obtain the necessary apparatus for the unloading of coal. Only one conclusion can be arrived at under the circumstances, that is, seeing the abuses and seeing the control on unloading, in order to re-establish the freedom of trade and place all the merchants on the same level, the unloading should be done by a public organism, in the present case, the National Harbour Board, who would undertake the unloading, thereby giving justice and equity to all parties concerned, and obtaining thereby if it so desires, a considerable profit from the operations.

We will speak of this later on, but we wish to say immediately that this is one of our principal claims and that it is our firm desire that the unloading of coal on the wharves be done through a public organism.

(Page 5386 follows)

Now, let us examine the question of the wharves as they exist today. One only has to take a glance upon a map of the wharves available for coal at Quebec, to be convinced that actually all available wharves are under the control of the Webster group and that it has seen to it to install itself in such a manner as to eliminate all practicaly possibility for others to obtain the necessary wharves.

The National Harbour Board has jurisdiction generally at Quebec on the wharves in its territory. Certain areas of these wharves are situated at the Louise Basin in two sections, "outside and inside"; but the National Harbour Board has also jurisdiction on certain wharves which are not in the Louise Basin but elsewhere.

BY COMMISSIONER MORRISON: Would you indicate those on the exhibit?

BY MR. FRAWLEY: Of course Mr. Drouin hasn't got exactly that, but I think he has a similar thing. Have you one of these?

MR. DROUIN: Yes. I filed a map of all those wharves with the original of the brief, but I may say that besides that there are other wharves in front of the city of Quebec to which I refer in the memorandum besides the Louise Basin. We will supply the Commission with the necessary map, including all the city of Quebec.

BY MR. FRAWLEY: That is the reason I got Chart 21, because Mr. Drouin, I understand, is going to take you from Wolfe's Cove along to the Louise Basin.

MR. DROUIN continues brief:

Let us speak about the wharves which are not situated at the Louise Basin. At Wolfe's Cove there would be an excellent deep water wharf which is not in use but could be utilized, this wharf is near the site where the big ships of superior tonnage dock, and it seems, at first sight, that the National Harbour Board does not want, for certain reasons, to

lease this wharf; furthermore, the cartage would create a problem which must be taken into account when considering competition with the other dealers, it is an important element.

If we leave Wolfe's Cove to come towards the Louise Basin, we come to the former wharf of Lane & Robitaille at the time when that company was an independent concern; this wharf has been used for the unloading of coal during many years. But since this company has fallen into the hands of the Webster group the wharf has not been used for three or four years, and the equipment has been removed. It is an excellent wharf which could be of use but the Webster group does not utilize it any more and this is another advantage of disposal that the coal trade in Quebec cannot avail itself of, and likely it has been closed in order to control more completely the unloading of coal.

If we keep on from the direction of Wolfe's Cove, next to the Canada Steamship Lines wharf, there is the old wharf of the Century Coal Company. This company has ceased to exist and its loading and unloading equipment has been bought by the Webster group and the wharf has not been used for coal since that time; this is another advantage of disposal that cannot be counted on for free unloading.

A short distance from that location there is the former wharf of Madden & Son; this again is a company which was absorbed by the Webster group many years ago, as we have stated previously, and there again the wharf has been abandoned to serve other purposes; this is another advantage of disposal that the free coal trade in Quebec cannot avail itself of.

BY MR. FRAWLEY: Where is the Madden & Son wharf?

MR. DROUIN: It is near the Custom House.

Q It is before you get to the Basin?

A Yes, before we get to the Basin. We are not yet in the Basin; we will go in a minute.

Q It is not marked here?

A We will indicate with a special mark all these points that

reference is made to. (Continues brief):

And now, we come to the most important section: the Louise Basin; this is an ideal site for the unloading, properly speaking, of the coal at Quebec and it is at that site in reality that all loading and unloading are done.

If we visit certain parts of the Louise Basin, we come upon interesting discoveries and conclusions. This Basin is divided into two sections: "inside" and "outside".

We wish to refer you, for the time being, to that section "inside", to the wharves marked: Dominion Coal, Nova Scotia Steel & Coal Company, Canadian Import Company and "Public Coal Dock".

BY THE CHAIRMAN: We have here the Nova Scotia Steel & Coal. Now do you say also a Dominion Coal wharf?

MR. DROUIN: The Dominion Coal wharf.

BY COMMISSIONER McLAURIN: Where is the public coal dock?

MR. DROUIN: It does not exist any more. That is why it is not marked.

BY THE CHAIRMAN: How then has the Import Company absolute control of the unloading in Quebec?

MR. DROUIN: Because there is only one company, St. Lawrence Stevedoring.

BY MR. FRAWLEY: You said a moment ago that the Dominion Coal had unbading facilities in Quebec?

MR. DROUIN: Yes.

Q Which they are using?

A Yes. I want of course to be precise. When you are asking if they have unloading, they have the facility of unloading but as a matter of fact all the unloading in Quebec is done by the St. Lawrence Stevedoring.

BY THE CHAIRMAN: Of course when you talk about unloading you mean actually taking the coal out of the boat? The facilities are there and put there by the old Nova Scotia Steel and Coal and by the present Dominion Coal?

BY MR. FRAWLEY: That is not so, Mr. Chairman. If Mr. Drouin doesn't know, all right, but we can't leave the record in a state of ---

BY THE CHAIRMAN: I think I have a perfect right to ask Mr. Drouin. He is making statements. I want to know how much he knows.

MR. DROUIN: You will remark there is at first the Dominion Coal wharf and then after that the Nova Scotia Steel & Coal wharf and then the Canadian Import wharf, and you know of course that the Nova Scotia Steel & Coal and the Dominion Coal Company are amalgamated today, so that when the coal of the Dominion Coal arrives in Quebec it is unloaded either on the proper wharf of the Dominion Coal, either on the wharf of the Canadian Import or either on the wharf of the Nova Scotia Steel & Coal as marked on the map.

BY COMMISSIONER MORRISON: But the actual unloading is done by the ---?

A By the St. Lawrence Stevedoring.

Q That 167% company?

MR. DROUIN continues brief:

We will speak later on of this "Public Coal Dock", which does not exist any more for the public since many years; we will explain the adventures of this wharf.

MR. DROUIN: I might add one thing, when I said a few moments ago that the Dominion Coal has its wharf, Madden & Son is also agent of the Dominion Coal by the Canadian Import.

BY THE CHAIRMAN: Well now, the question I would like to ask you, if you know: Has the Import Company or any other importing company got absolute control of the unloading facilities, or the Stevedoring Company, have they absolute control of those two wharves so far as unloading is concerned?

A Those things are related together, wharves and unloading. If we can't have wharves we can't have unloading facilities,

and the Stevedoring Company is doing the unloading of coal in Quebec on wharves and we have no wharves.

Q What I am getting at is this: The Dominion Coal Company and the old Nova Scotia Steel & Coal Company built and equipped those wharves for the unloading of their coal, is that a fact?

A They improved those wharves.

Q They own them, do they?

A One moment. I think they are the property of the National Harbour Commission. I am informed they are, as a matter of fact; I may be wrong; but when we speak of the inner Basin I don't think there is a single private wharf on this side of the inner Basin.

Q Well, does the same thing apply to what you call the Webster group? Do they own their own wharves there?

A I don't think they own their own wharves; they are all under lease from the National Harbour Commission.

Q They control them though they have them leased from the Harbour Board?

A Yes.

Q Is the same thing true of the Dominion Coal? Have they a lease from the Harbour Board?

A Well, I wouldn't be precise on this matter. We are informed that they have a direct lease with the National Harbour Commission, but I know that this wharf has been known in the past as the Madden wharf, which is a subsidiary company.

Q Well now, outside of the stevedoring, are you making the charge, or are your companies making the charge, that there is any connection, illegal or perhaps unfair connection so far as the distribution of coal is concerned between the Nova Scotia companies, Dominion and Burchells and Sydney Mines, that there are any unfair dealings between those and the Import Company?

whereas the leases of the Canadian Import Company did not contain these rigorous conditions. The leases that this latter company has passed with the National Harbour Board were long term ordinary leases.

BY THE CHAIRMAN: Was this part of the harbour here designated a public wharf equipped to land coal?

A Well, there was no equipment on that wharf.

Q What was the good of it, of marking it a coal wharf, if there was no equipment there for unloading?

A Well, there was no equipment and the unloading had to be done by the St. Lawrence Stevedoring; not necessarily, but in fact the only apparatus to do the unloading was the one of the St. Lawrence Stevedoring.

Q Well, wouldn't you expect the Harbour Board, if they were curing an ill that they thought existed here, would equip that wharf for the unloading of coal?

A Well, we are asking now for private wharves instead of public wharves.

Q Will you refer to the specific part of any report in which that was recommended, that the Harbour Board would supply coal unloading facilities?

A There were public representations, and even the question was submitted to the Parliament, I think, at a certain moment. As a matteraof fact, after the inquiry of 1937 there was a feeling here, everybody I think was sharing the belief, that the public wharf would solve the question.

Q That is a public wharf properly equipped, of course?

A Equipped, but the wharf was not equipped.

BY MR. FRAWLEY: Was there not a locomotive crane supplied on that public wharf?

A I am informed by my clients that they could not use that in practice.

BY COMMISSIONER MORRISON: Antiquated would be the word?

purchase of coal from its production point in the United Kingdom and controlling the wholesale market on the wharves at Quebec, should be satisfied, but it is not so.

These companies do not intend to limit themselves to the wholesale business; in fact since many years their main efforts have been to invade the retail market at Quebec, enter into competition with the existing merchants and taking the means of eliminating those who still remained on their feet and if the undersigned, Le Syndicat National du Combustible, Inc., and E.-J. Chartier & Company, Registered, are before your Commission today, it is because they feel that there is danger of elimination, and if the Commission does not adopt severe measures, they are in danger of disappearing before long and the Webster group would then have a perfect control.

BY THE CHAIRMAN: Who issues licences to the retail merchants?

A Issued by the City of Quebec.

Q Well, wouldn't that be the place to go? Refuse to give the licence if they are connected with the big group?

A Well, that might be a way. We have not taken that into account in our factum. That may be a way.

Q I am only just suggesting it, that's all. My friend said it might be restraint of trade, but I don't think.

A If we applied ourselves only to the City of Quebec it might not be a national way of solving the problem.

Q Of course, so long as your problem is solved I don't suppose you care how it is solved?

A I have confidence of course in the civic authorities of Quebec but I don't know if they would be willing to decide so important a question like that and refuse licences.

Q Well, surely if they saw it was disastrous to the distribution of coal in the city of Quebec they would come to the rescue of the inhabitants? You have never tried it anyhow?

A No.

and a few others.

But the Canadian Import Company is not content to enter into competition by means of its affiliated companies, but enters itself into the field of the retail business. It sells coal directly from morning till night to all its clients of the district of Quebec.

In conducting its sales the Company makes use of subtle methods to discard its opponents, and among others, the Syndicat National du Combustible, Inc., and E.-J. Chartier & Co. Reg'd., to who it sells coal wholesale and with who it competes on the retail market.

We beg to submit to your Commission that the whole situation is indecent. The Commission should take the means of resetting things where they belong. If the Canadian Import Company has a monopoly as wholesale merchants, it should be forbidden for the Company to sell coal retail and control affiliated companies and subsidiaries.

In short, the Canadian Import Company or the Webster group, take advantage of their privileged position in the unloading and loading of coal, and manage to give bad coal to the independent merchants and good coal to their affiliated companies and the clients they serve directly. They do more than that; on the wharves they mix good, medium and bad coal, this being contrary to fair business practice and against the law; they sell inferior coal at the same price as the good coal and deliver bad mixed coal to the independent merchants and good coal to their affiliated companies and to their clients which they serve directly.

And when the clients of the independent merchants or the individual dealers complain, they are told that those who sold them the coal are responsible for its inferior quality and thus the Webster group succeeds in obtaining the business by securing the orders of those clients.

semi-anthracites referred to in (d) below, also other coals including those mixed with non-anthracite, for sale in Canada, shall not be less than 8.0 and shall not possess caking quality;

(d) That all other coals, heretofore graded as anthracite or semi-anthracite, having a ratio of fixed carbon to volatile of not less than 6 and without caking quality, shall be classed as semi-anthracite coal and so sold on the Canadian market;

(e) That Welsh anthracite be sold in Canada as Grade A or Grade B, the former complying with the above specifications but being the coal known in Wales as "Big Vein" anthracite, the latter also complying with the above specifications but being the coal known in Wales as "Red Vein" anthracite, and that if these two coals are sold in Canada as a mixture the proportion of each should be stated;

(f) That in all sales slips and invoices and in all advertisements the coal be described in accordance with the specifications suggested above."

This Commission of 1937 must have cost a great deal of money, and nevertheless, after eight years, the mixture of coal still exists and none of its recommendations have been observed.

What is the use of conducting enquiries if the Governments are not strong enough to have the recommendations of the Commissioners put into actual practice and if the same abuses continue.

If your Commission recommends energetic measures, have them accepted and put into practice, an important point will be attained. But if the recommendations that we presume will be set forth by your Commission, are not put into effect, then, the mixture will continue, the same system will be in operation, the consumers will be taken advantage of as before,

and at some future date, in order to quieten public opinion another Commission will be formed and we will keep on in this way from one commission to another until the end of time.

BY THE CHAIRMAN: I think we can assure you that this same personnel won't be acting on the next commission.

BY COMMISSIONER McLAURIN: For two reasons.

MR. DROUIN continues brief:

Let us now consider the question of quotas. The Canadian Import Company by virtue of its position as a wholesale merchant, was obliged to give to each merchant the quotas they had a right to get according to the ordinances.

BY COMMISSIONER MORRISON: What ordinances are you talking about there?

MR. DROUIN: Wartime Prices and Trade Board. (Continues brief):

If, for one reason or another, a merchant did not prevail himself of his quota, this quota could not be assigned to any other without the permission of the Fuel Comptroller.

But the Canadian Import took it upon itself, in many cases to distribute quotas to its affiliated companies or merchant friends. Furthermore, the Canadian Import Company permitted itself to reduce and even to annul the quotas of many merchants in a general way, as for example Mr. L.-E. Caron's quota, to raise the quotas of the merchants it intended to favour.

BY MR. FRAWLEY: These quotas come from Coal Control; they don't come from the wholesale supplier, isn't that right?

A Well, I will just discuss that with my client. I have always been under the impression that you are right in your remarks.

BY COMMISSIONER MORRISON: He answered me by saying the Wartime Prices and Trade Board. Of course the Coal Controller is a member of the Board.

BY MR. FRAWLEY: But the way this reads is that Canadian Import

We pray the Commission to make the necessary recommendations to the Federal Government so that the Government see to it that immediate steps be taken to revise the freight rates in this case, which would obtain for the Quebec merchants who are obliged to bring in their coal by rail, the same freight rates by land as by water. If it is impossible for the Government to obtain this equality in freight rates, it has the means at its disposal to obtain the same results by giving special subsidies to the railroad companies or to the merchants so as to eliminate this difference in rates.

But, once more, and we wish to repeat it, there is another way of obtaining the same results, it would be to secure for the undersigned and the independent merchants the necessary deep water wharves enabling the reception of coal by water and this under the same conditions as for the Webster group.

You readily understand up to what point the monopoly of wharfage exercised by the Webster group in Quebec places the other independent merchants for all practical means, in the impossibility of competing with success against this group.

The Canadian Import Company, at the eve of the enquiry, is trying to prove that it is seeking to conciliate the Quebec merchants.

Thus, on October 31 last, the Canadian Import Company sent the following letter to E.-J. Chartier & Co. Reg'd., Le Syndicat National du Combustible, Inc., and to many others:

(Translation)

Quebec, October 31, 1945.

Mr. Patrick Gingras,
67, Buade Street,
Quebec, P.Q.

"We wish to inform our clients that the return from active service of many of the members of our staff now permits us to open a balance for weighing the trucks when 'light'.

be obliged to wait and with the prospect that this system will contribute to diminish the number of trips per day and the profits of the small merchants in particular.

BY THE CHAIRMAN: Is there a public weighing law enforced in Quebec?

A If I understand, there is an inspector of the City of Quebec who is inspecting the loading and unloading.

Q Well, I suppose he would see to it that everybody got the same fair show?

A I am informed by my clients that there is a public scale also, and of course I am not insisting very much on this paragraph. I am conceding that it is not one of the essentail parts of our factum, but I wanted to make some remarks on that.

12.00 NOON - COMMISSION ADJOURNED TO 2.00 P.M.

AFTERNOON SESSION

The Commission resumed at 2.00 P.M. Mr. Drouin continues reading brief, Exhibit 263:

CONCLUSION

We therefore conclude as follows: We submit that the coal Trust, after twelve years of struggle, is stronger than ever and that it controls the coal business from the production of coal at the mines to its sale to the consumers on the retail market.

Generally speaking, it would be up to the Commission to suggest to the Government the means of breaking this Trust.

Certain companies and certain persons may escape the control of Canadian laws because they are not of Canadian nationality and that we have no jurisdiction over them. But certain other persons are accomplices with these companies or persons to create a combine against the law in the organization

BY COMMISSIONER MORRISON: That was not my question. I wanted to know if this condition that you speak about is merely a wartime condition, or was it in existence prior to war?

A It was not.

Q Your answer to me is that it was not in effect in pre-war days?

A Yes.

Q And you go a step further and you want the licence, or the right to import, removed at the present time when the war is over, but you agree with my fellow Commissioner, Mr. Justice McLaurin, that the general opinion in Canada is that those controls would be relinquished in very short order?

A I am inclined to think so.

Q So that that condition will right itself? In your opinion you are not inclined to believe that you are going to be confronted with those licences or controls very much longer? That is your own considered opinion?

A Yes. After discussing the matter I have come to the conclusion that generally controls are under way of disappearing. Probably a control on the importation of coal will have to disappear also.

Q Of course there are certain things that have happened in Great Britain since you wrote this brief that may have changed some of the situation as far as exporting is concerned?

BY MR. FRAWLEY: Well, it was written on the 20th of November.

BY COMMISSIONER MORRISON: Well, it is dated the 20th of November. I take it from reading it that it was written before that and perhaps just the last paragraph was written on that date. Judging from some of the material in the brief I would take it that it was written before the general elections in Britain?

A No, but if we refer to general elections in England, in answer I would say that I know of course the policy of those

who came to power in England, but if I understand well there was no enunciation of policy after the election until a few days ago, until after that brief was written.

BY THE CHAIRMAN: There has been no British coal come into Quebec for how long?

A Oh, some years.

Q That was not due to any export licences or import licences?

A No, it was due to war conditions. But after the war we are inclined to think that the same conditions as before the war, the United Kingdom will become once more a country of exportation of coal. We are inclined to think that we will receive after - well, I don't know how much time, but we will receive Welsh coal and other coals.

BY COMMISSIONER MORRISON: You will at least be expecting to receive some Nova Scotia coal?

A Yes, I think we receive Nova Scotia coal and perhaps Alberta's coal.

Q Of course then you are getting into pretty high quality.

BY THE CHAIRMAN: And as a matter of fact you have not been getting much Nova Scotia coal? You have not been getting any water-borne coal in this city for how long? Three years?

A 1941, I heard from somebody.

Q If I understand this brief of yours correctly the source of your complaints have been practically all due to conditions during the war? There was no short supply of coal in this city in 1939; there were no embargoes on United States coal; the coal exporter in Britain could send his coal out here if he had a market for it?

A Yes, but during the war, or since 1941, no English coal came in this country.

Q That is just what I am saying. All your grievances are apparently based, so far as I can see, on wartime conditions?

A Yes, but if I may be permitted to submit these facts. We are complaining at the present moment that the conditions

concern here is allied to the Import Company?

A Yes.

Q Well now, doesn't the same thing exactly take place in connection with the Canadian National Railways, especially on harbours? The same thing takes place in connection with the steamship company here? They have their own stevedoring outfit?

A They have their own stevedore company, but as regards the Canadian National Railways that is a state enterprise. The C.P.R. has its own stevedoring of course also, but we say this, that it is a monopoly.

BY COMMISSIONER McLURIN: Is there any legislation, Provincial or Dominion, municipal ordinance or any law or regulation that you could cite me that prevents anybody else going into the stevedoring business to compete with St. Lawrence?

A No, except that we refer always to the same thing, we are not able to equip like the St. Lawrence because we have no wharf.

Q Well, I am not able to spend my winters in Florida because I haven't the money.

A No, but in answer to your remark, if a company organizes itself for loading like the stevedoring company, where will we put our apparatus? It must be necessarily on a wharf. We have no wharf. That is the best answer I can give.

Q Well, it is not the freedom, it is the wharf that you lack?

A Well, both, becuase we want a wharf, and then after that if we have the wharf we want of course not to be at the mercy of the only company in Quebec.

Q So that getting a wharf is not enough?

A Getting a wharf is enough if we get the same conditions of unloading as the Canadian Import is getting from her sister company, the St. Lawrence Stevedoring.

BY COMMISSIONER MORRISON: At that point, I meant to ask you this before, Mr. Drouin. Are you suggesting that the St.

BY THE CHAIRMAN: If it is asked for? If these people here prove a case we had better get it.

MR. DROUIN continues brief:

It is impossible to have a sound competition in the business and we wish to repeat the suggestion that we have already made in this memorandum: your Commission should recommend to the Federal Government that instructions be given by the Federal Government to the National Harbour Board (Quebec Division) to organize in such a way and as soon as possible to have a modern unloading installation, at least as efficient as the equipment of the St. Lawrence Stevedoring Company.

The National Harbour Board should take in hand the exclusive administration, barring all others, of the unloading of all coal arriving at the port of Quebec by water, the coal destined to the Webster group as well as to the others. The National Harbour Board being solely in control of this administration, having a modern equipment, will be in a position to give justice to all parties, thus destroy the monopoly on unloading, and at the same time, build up for the National Harbour Board a considerable income which could be used to develop and improve further the port of Quebec. (Or I would add, at cost price, as I added this morning).

As regards the question of mixture, we suggest substantially that the Commission abide by the recommendations included in the report of the 1937 enquiry.

Each sort of coal, bituminous or anthracite, should be sold under its own name, with label and special invoice indicating the nationality of the coal, the nature, the percentage of mixture and the elements that constitute the mixture.

In this way, the consumer will be aware of what he buys, will receive what he buys and he will not pay for what he does not buy.

The Commission should not terminate its work without paying particular attention to the freight question upon which we

have dwelt in this brief. In short, to settle this problem, either a uniform tariff for transportation by water and by rail, either a Government subsidy, or better still, proper wharves for the use of independent merchants, having the same wharf commodities as those of the Webster group.

The question of quotas should be settled by a serious enquiry and by sanctions against those who do not respect the law.

Furthermore we wish to draw the attention of the Commission on the special case of the Dominion Coal Company. We have established that this company, through its sole virtual agent at Quebec, the Canadian Import Company, has complete control on the delivery and the sale of bituminous coal in Quebec. In our opinion there are many means of breaking this monopoly; it would be to organize the sale of bituminous coal at Quebec in such a manner that there should not be only one agent for this company. The company should be obliged to sell to all the merchants without retaining the services of a special agent here; all this, supposing that the National Harbour Board would take exclusive charge of the unloading and the loading. But if this latter suggestion is not accepted, by your Commission, there would still be another way to solve the problem.

BY THE CHAIRMAN: I ask you another question, the same question I asked you this morning about the other company. Are you suggesting that there is any retail merchant in this city who has ever been refused a supply of coal from what you call the sole agents of the Dominion Coal Company?

A Refused coal, no, except of course they are receiving coal through the agency of the Canadian Import, but we complain that we are not receiving our part, and we complain that several other merchants have not received their coal under the quota.

Q Well now, we will leave the quota out. Prior to the war have you any case where the Canada Import has refused to do

the same with the merchants in Quebec, the independents as you call them, as they have done with the special agents that you have been talking about of the Import Company?

A Well, before the war, if I may be permitted to ask my client? If Mr. Chairman wants a direct answer, the answer of my client is this one: Not directly, but they could not re-sell the coal at a profit.

Q Because they were charged more than some other coal dealer?

A Because conditions were not favorable for them.

Q Have you any such case as that?

A Before the war?

Q Yes, before the war of course when there were no controls, you were told, "You get this much coal here and that much coal there"?

A My client says that they have proofs of that.

BY COMMISSIONER McLAURIN: They have proofs of not being able to secure coal on order from the Canadian Import upon reasonable evidence of solvency? I think we had better have this definite. Would you read the question again?

(Question read)

A The answer of my client is yes.

BY COMMISSIONER MORRISON: And are you further suggesting that the price charged to some of the independent companies by this sole agent was in excess of the price charged to some of their affiliated companies?

A Yes. We are suggesting, we are alleging that the prices that were charged to our clients were higher than the prices charged to other merchants.

BY MR. FRAWLEY: That is before the war?

A Before the war. (Continues brief):

The undersigned are the only ones at the present time who are endeavouring to obtain wharves; we have credible information to the effect that the other merchants do not seem to be interested to have these wharves for themselves or at

about that if he is asked?

A Yes, he is here in court.

BY THE CHAIRMAN: That is, they are withdrawing that on behalf of one of the applicants?

BY MR. FRAWLEY: Of Chartier, that's right.

MR. DROUIN continues brief:

Furthermore, as a means of control, it would be proper to suggest that licences be issued for the post-war trade as existed during the war.

MR. DROUIN: We discussed that a few moments ago.

BY COMMISSIONER MORRISON: I understood you to say earlier on--did you want the licence taken away? Let's not get at cross-purposes.

MR. DROUIN: Yes, but if we asked that the licence be taken away from the Webster group it was on account of the facts that we have here before the Commission. We take the general stand in our factum that we think that the proper way to control the general coal business would be for licences to continue after the war.

Q Licences by federal or provincial authority, which?

A Of course it would be the federal authority in that case.

BY COMMISSIONER McLAURIN: Would it be? They are having enough trouble with Bill 15 right now in Ottawa.

A Of course if we relate to Bill 15 ---

BY THE CHAIRMAN: If it is imported up the St. Lawrence by water the Dominion Government might well have jurisdiction over granting licences. However, that is a constitutional question and I know nothing about constitutional law, and very little about any other kind of law.

MR. DROUIN: The moment Your Lordship will know very well the coal question we are satisfied. (Continues brief):

To sum up: the Commission should avoid a danger which proceeds from past experience. As soon as a Commission has presented its report, it seems that certain companies say to

themselves that they are still in control of the market as formerly, seeing that the enquiry is ended and that no other enquiry will be held before some years.

BY THE CHAIRMAN: Well, we would not have much control over that.

BY COMMISSIONER McLAURIN: I think you can be reasonably sure, because I think they are tired of us already.

MR. DROUIN continues brief:

We hope that your Commission will solve these problems which are before the Commission by making the appropriate recommendations, but when your Commission will have deposited its report, its powers will have ended and your report will be in the hands of the Federal Government, and meanwhile the companies of the Webster group will be in a position to resume their customary activities with the use of their privileges.

There is only one way, in our opinion, in order to retain control of the situation. It is to adopt the suggestion that was made by Mr. Brunning, Comptroller of Fuel in this country. (I saw that suggestion only in the paper; I must declare that). The members of your Commission should see immediately the Federal Government so that during the present Federal session, a Permanent Commission having the most extensive powers be formed immediately to control the coal industry in the country.

Evidently if your Commission presents its final report only after the sittings are finished, it is probable that the Federal session will be ended and the whole problem will be delayed until next year, and the companies will profit by this situation.

If there are no means during the present Federal session of forming a new permanent Commission, if your report is not ready, we suggest that the Government maintain your Commission in office and that the Commission be granted the necessary powers to control the situation. Your Commission could remain in existence, except that instead of being simply an Advisory

Commission, youwould be vested immediately with powers of control, that you would use in the interest of the country and of the coal industry, until your final report is given due consideration and until a new permanent Commission is definitely formed.

BY COMMISSIONER McLAURIN: It brings us back to Bill 15, doesn't it?

BY COMMISSIONER MORRISON: It is not passed yet.

BY COMMISSIONER McLAURIN: That is a bill the federal government wish to pass and every provincial government is protesting. Every provincial premier the day before yesterday was unanimous in demanding qualifications of the emergency power bill.

MR. DROUIN: Yes, but when the controls will be removed and we go back generally to the pre-war situation there will be alsohundreds of special commissions. There were special commissions before the war and there will be special commissions after the war.

BY COMMISSIONER McLAURIN: There is the Board of Transport Commissioners, because it is a matter of federal jurisdiction, and aviation is a federal responsibility, but there is very little that a federal coal commission could control.

MR. DROUIN: Perhaps it may be a dream, but well I know there are special difficulties in some line of trade, there are abuses against the public, then form a permanent commission to control, and that is the stand we are taking here. If there is not a permanent commission controlling the coal situation in Canada the same abuses will continue and there will be nobody to control.

BY COMMISSIONER McLAURIN: I am not going to quarrel with you on that, but speaking to you as a member of the bar I hope you recognize it means doing over the British North America Act far beyond anything ever suggested by the Sirois Commission. Now you are suggesting a change in jurisdiction

that is so sweeping that you would be completely re-writing the Act of 1867.

BY THE CHAIRMAN: The present policy is not to re-write the Act but to get in agreement with the various provinces.

BY COMMISSIONER McLAURIN: For a three-year period.

BY COMMISSIONER MORRISON: I take it--I am not a lawyer, I am a layman--that you would have no quarrel if it was found that it was not possible to set up this commission by the federal jurisdiction, certainly then the province would have jurisdiction, and you would have no objection to a provincial commission being set up, if that was the legal way of doing it, as long as its effect was the same, because at the moment you are dealing with a problem that affects the city and vicinity of Quebec?

A Of course.

Q And if there are legal difficulties in the way of doing it federally then you would have no objection in the way of doing it provincially?

A Of course I am not here in any official capacity and I am not ready to pronounce on constitutional issues, even on Bill 15. I am suggesting only a remedy, a commission, a permanent commission, and I join Mr. Brunning, the Comptroller, in that suggestion. There have been evils and abuses in the past, and we feel that if after your Commission finishes its sittings, makes report to the Government ---

BY COMMISSIONER MORRISON: Mr. Drouin, perhaps it would make you feel better if I told you that the Dominion Coal Company, of which you complain, made a somewhat similar recommendation to this Commission.

A I didn't know that.

Q They didn't call it a commission. They asked for a new set-up of the Dominion Fuel Board that would do something along the same lines that you suggest. So I am sure that when you find out that one of the people you are complaining about have

of Canada that they should have power.

BY MR. FRAWLEY: That is why the Scott Act was said to be good. However, Mr. Drouin wants a commission.

MR. DROUIN: Maybe it is Quebec, maybe it is federal. Of course the question of jurisdiction will have to be decided, and not by myself. I have only one remark before leaving this matter. When I suggest a permanent commission it would not be a commission ---

BY THE CHAIRMAN: It would not be a commission; it would be a board. I think that would be the best name for it.

MR. DROUIN: It would not be a commission that would settle everything, but that has some control, control to end the abuses of which we complain. That is the position we are taking. (Continues brief):

We are convinced that if you have the powers that we suggest you should be given, great improvements will occur in the coal business in Canada.

Thus, through your representatives, you could control the unloading, the loading, the mixture, etc., in Quebec, and immediately as your Commission would receive a complaint, it could be remedied without delay.

MR. DROUIN: Of course when I am referring about your Commission I know very well you have only advisory powers at the moment.

BY COMMISSIONER MORRISON: You are referring to the commission you are recommending?

MR. DROUIN: Yes. (Continues brief):

Otherwise, it would mean that the solution of the problem would be delyaed longer by the maintenance of the Webster group monopoly.

These are, Honourable Commissioners, our views on this problem. We wish to excuse ourselves for having taken up so much of the Commissioners' time, but these explanations had to be given in order to give a demonstration of the general situ-

ation and that special situation of the port of Quebec.

The freedom of trade in the coal business is a principle for which we are fighting and you have the means to make this principle triumph.

We thank you in advance for the precious services that you will have rendered to the country.

HUMBLY SUBMITTED.

SYNDICAT NATIONAL DU COMBUSTIBLE, INC.
(National Fuel Syndicate, Inc.)
Par: Patrick Gingras
and

E.-J. CHARTIER & COMPANY, REGISTERED.
J. L. Duhamel

Quebec,
November 20, 1945.

BY MR. FRAWLEY: Who do you submit for cross-examination?

BY THE CHAIRMAN: What do you mean, who does he submit?

BY MR. FRAWLEY: So that I can ask some questions on the brief.

BY THE CHAIRMAN: That's all right. I understood that Mr. Drouin wants to call witnesses here.

BY MR. FRAWLEY: Before we get to that I thought we would ask some questions on the brief.

BY THE CHAIRMAN: That's all right, if he has a man.

MR. DROUIN: Do you want to put those questions to me or to my clients?

BY MR. FRAWLEY: I will put them to you, but I thought your clients might want to answer them.

MR. DROUIN: If they are technical.

BY THE CHAIRMAN: He has presented his case. He should not be sworn.

BY MR. FRAWLEY: I would not ask him to be sworn but I think if I am going to ask any questions that either one of his clients, or both, should be sworn.

MR. DROUIN: I forgot something before ending. As I said this morning, there are a few documents that I want to file. Those documents are signed, one by independent merchants of Quebec, the other one by the Board of Trade of Quebec, and the other one by the Chauffage Co-operative. I may read them if you wish; they are not very long.

(Letter of coal merchants of Quebec read, in French, by Mr. Drouin.

It says that substantially they adopt our point of view as regards liberty of trade, facilities for loading and unloading, wharves for independent merchants, competition more just in the retail market, more justice in the quotas, and better freight rates for coal in Quebec.

BY THE CHAIRMAN: I suppose the other two are along the same lines?

MR. DROUIN: The other two are along the same lines.

BY THE CHAIRMAN: Well, the gentleman will translate them for the Commission.

Translation of Documents

THE QUEBEC BOARD OF TRADE

Quebec, November 27, 1945.

M. Oscar Drouin,
c/o Drouin & Letourneau,
67 rue Buade,
Quebec, P. Q.

Dear Mr. Drouin:

Re: Quebec Coal Trade

The Administrative Council of the Board of Trade has looked over the brief which the independent coal traders of the city propose to present to the enquiry commission, which will sit at Quebec on the 29th next, and it approves the following ideas which are mentioned therein:

1. The Board is naturally in favour of the liberty of trade in general and of that of coal in particular.

2. The Board recommends that measures be taken to give to all coal traders wharfage accommodation necessary to their particular needs, and this also applies to other commercial commodities of the city.

3. As to the sortage of coal, the Board suggests that this be done by numbers corresponding to qualities of coal, the least of which can be known by the buying public.

Hoping, dear Mr. Drouin, that it will be useful to you to know the opinion of the Board on the above subject, we remain,

Very truly yours,

QUEBEC BOARD OF TRADE

J. E. Renaud,
Secretary.

quotas and better freight rates for the delivery of coal at Quebec, should be endorsed.

True copy
The secretary
(Sgd.) Henri Lallier

PATRICK GINGRAS Sworn by the Chairman. Examined by Mr. Frawley.

Q I simply want to be quite clear as to the five or six matters of which you are making complaint, and I am looking at page 4 of your brief. Now you complain firstly that there is a concentration of exporting power in the United Kingdom?

A Yes sir.

Q You say you are not free to go into the United Kingdom and buy and bring to Canada anthracite coal particularly. Is that so?

A Yes sir.

Q Why do you say that?

A Because I tried to get coal from the other side and I have never succeeded.

Q And at what period was that?

A It was between the period of 1936 and 1938.

Q Did you go to the United Kingdom yourself?

A No sir.

Q With whom did you deal?

A I wrote many letters, and they all forward the letters to Mr. Stobo, Canadian Import Company.

Q They must have been people with whom Mr. Stobo's company had contracts?

A I presume so.

Q Did you ever find anyone over there who had no contracts whatever with Mr. Stobo or his people?

A No.

Q. So my suggestion then is possibly not absolutely correct, that Mongeau et Robert have an exclusive arrangement with the Pasco group?

A. I don't know.

Q. You do not suggest any connection between the Webster group and Mongeau et Robert?

A. I presume I should refer you to the 1933 inquiry, when Mongeau et Robert has been found guilty.

Q. You mean a prosecution?

A. Yes.

Q. Were found guilty of being part of the combine?

A. Well, something like that; I am not exactly sure.

Q. So much for what you call the concentration of exporting power. To be perfectly frank, your information is not complete in that regard?

A. No.

BY THE CHAIRMAN: Did he ask any other coal concern over there besides --

BY MR. FRAWLEY: You said you wrote letters?

A. Oh yes. Of course I did not know I was going to be a witness this afternoon and consequently I don't know exactly if I wrote to all operators, but as far as my memory is correct I have written to the most of them.

Q. Well, first of all how do you know the names and addresses of all the operators in the United Kingdom?

A. I think I got those names out of the 1933 inquiry.

Q. Before I leave the matter I want to be quite certain. You made the statement that all the letters that you wrote over there found their way to Mr. Stobo. Is that just literally so?

A. I don't think I said that.

Q. What did you say?

A. If I remember well I said a lot of letters I received said that they had no coal because the group Webster was their

representatives.

Q But I would like to know if you were in contact with any others outside of the group?

A I will have to tell you the same thing. I had no good reply, so I concluded it was not possible.

Q How many operators did you write to?

A I can't tell you that.

Q Well, how many? A dozen, or two dozen?

A I would have to consult my files.

BY THE CHAIRMAN: Do you know anything about the extent of the Amalgamated and Pasco?

BY MR. FRAWLEY: We have all that. I have not at the moment studied it very closely but we have all of that. Mr. Aird has given us a complete statement about that.

Now you say that the facilities for delivery at Quebec are under the control of the Webster group. That is your second ground of complaint?

A Yes sir.

Q And I suppose your brief has said everything you can say about that?

A I hope so.

Q There was a public dock recommended as a result of the 1937 enquiry, is that true?

A Yes.

Q Whether it was actually recommended ---

A Not by me.

Q No, by the Commissioner, and after that the public coal dock was set up, and now the public coal dock does not exist as such, does it?

A I don't think so.

Q Now in your brief you say some of it has been ceded back to the Webster Company. Now do you not know that Mr. Alfred Giroux has a lease to part of that dock now?

A No, because I knew that Giroux had rented that public coal

dock at a special arrangement, but I understood he sold the scale and the coal and everything to the Canadian Import Company.

Q You say you understood that?

A And after that I tendered for the public coal dock and I saw by the paper it has been given to the Canadian Import Company.

BY THE CHAIRMAN: You tendered for it?

A I tendered for it. I want to get it but they put a high price on it.

BY MR. FRAWLEY: On page 23 you say that "the National Harbour Board asked for tenders for the other section of the public wharf which had been ceded to L. Gingras & Fils."

A Yes.

Q Now that, I take it--it is very difficult, you know, to follow it entirely--but I think that is the piece which at the present moment has been in the name of Alfred Giroux, 23,858 square feet, a portion of the public coal berth on the Louise dock. Are you able to identify it from that description?

BY MR. DROUIN: What is the date?

BY MR. FRAWLEY: The date of the lease is October 5, 1945.

BY MR. DROUIN: This year?

BY MR. FRAWLEY: Yes; tha annual rental, $1,192.90. You may take it from me that only within two days the National Harbour Board confirmed that information. Assuming there is a lease there in the name of Mr. Alfred Giroux, do you know whether or not he operates the lease, or whether it is operated by the Canadian Import?

A Well, he might operate it since yesterday. Before yesterday I never saw Giroux put any coal there since many years.

Q Can you say anything about the degree of control which Import has over that dock, if any at all, do you know?

A Well, I am not quite sure.

Q All right, that is something else. I just want to find out what matters you have knowledge of. Now then, the next thing you speak of is the unfair methods of delivery. To whom has the Import Company delivered bad coal, and what knowledge have you got of that?

A As much as they can.

Q As much bad coal as they can deliver they do deliver?

A Yes.

Q To whom?

A To those they are desirous to eliminate.

Q Who are those people?

A I know myself.

Q They have delivered bad coal to you?

A Oh yes.

Q When they had good coal they could have delivered?

A Yes sir.

Q And when they were delivering good coal to other people?

A Yes sir.

Q You can give instances of that, I take it, if you have to?

A Yes sir, I will prove it.to you very clear with many witnesses.

Q And this covered roughly what period?

A Since I know them in 1914; their general ruling.

Q Now you say the next complaint you make, as wholesale dealers they enter the field of the retail trade. In what way do you say that is anything detrimental, the fact that a wholesaler goes into the retail business also?

A Well, because they control the tonnage of the retail trade.

Q What do you mean by that?

A Would you please tell me the question again?

Q You say here that "having a monopoly as wholesale merchants, it should be forbidden for the company to sell coal retail." Now to what extent is that detrimental to the coal trade in Quebec?

not sure. Well, Alfred Giroux.

BY MR. FRAWLEY: Who else?

A Celestin Cote, president of the association.

Q Yes?

BY MR. DROUIN: The witness is referring to page 8 of our brief.

BY MR. FRAWLEY: That is the members of the Retail Merchants Association of Canada, Fuel Section. Celestin Cote, Georges Couillard?

A Well, I named Cote a minute ago.

Q How about Aristide Dupuis?

A I am not sure.

Q How about Lachance & Frere?

A I am not sure there.

Q How about L. E. Caron?

A Oh no.

Q Francois Nolin & Fils?

A Yes sir.

Q L. Saillant & Fils?

A Yes sir.

BY THE CHAIRMAN: He is credibly informed that those people are getting what?

BY MR. FRAWLEY: Special prices and special coal.

BY COMMISSIONER MORRISON: They are on the preferred list?

A Yes.

BY MR. FRAWLEY: Now you say on page 13, referring to United States anthracite, that "a great many of the line companies," you mean the American line anthracite companies?

A Yes sir.

Q "Are represented by the Webster group." Now how much do you know about that?

A I know they represent Reading.

Q You are speaking of the Quebec area?

A Yes.

Q They represent Reading, and who else?

BY MR. FRAWLEY: Well, but pre-war we are speaking of particularly now.

A Well, pre-war, American coal mixed too.

Q What would they mix?

A Anthracite screenings.

Q Why would they do that?

A More money.

Q Anthracite screenings are cheaper?

A Of course; worth about $4.00 a ton when there is a demand for it, and the soft coal is $10.00 a ton. That makes a difference of $3.00 a ton, 25%, good profit.

Q Tell me why the public coal dock was a failure, as it seems to have been?

A Well, because it was impossible. The public coal dock was rented for three weeks and you had to make application to Mr. Beaudry.

BY COMMISSIONER MORRISON: Who is he when he is home?

A Manager of the National Harbour Board. Mr. Beaudry asked us the name of the boat. And that public coal dock was available for everybody, so I know that if we had needed it some of our dealers would have taken it all up even if they would not need it.

BY THE CHAIRMAN: Did he make application for this dock?

BY MR. FRAWLEY: Did you ever seek to use the dock while it was operating as a public coal dock?

A Yes sir.

Q And it was used for how long?

A They didn't give it to me. I made application and they refused it to me.

Q The port manager refused you the use of it?

A Yes sir.

Q And you had coal coming in that you wished to unload?

A No, I was going to get some coal, coal for the School Commission.

Q Was it ever used at all as a public coal dock by anybody?

A I don't think so, but it didn't remain very long as a public coal dock.

the St. Lawrence Company had?

A. If they really wanted free competition it is the only thing you should have.

Q. Do you think there was enough business to warrant the investment that would have to be made?

BY COMMISSIONER MORRISON - They might not have made 167%.

BY THE CHAIRMAN - Was there not a recommendation by somebody that the Harbour Board did have facilities there?

BY MR. FRAWLEY - I think it just merged after the Tory Report, but to say Dr. Tory specifically recommended that is something I would not like to say too definitely at the moment.

BY THE CHAIRMAN - If it was going to cost too much money, he would not recommend it, I don't think.

BY MR. FRAWLEY -(Exm. continued)

Q. Now the question of quotas, that is entirely a matter as the result of coal control?

A. Yes.

Q. Am I right when I say the individual retailer receives his quota direct from Ottawa, from Coal Control?

A. No.

Q. From whom does any one of these people receive their quota?

A. From the Company from which they buy the coal in the basic period 1941.

Q. I don't mean the actual coal, but the allotment?

A. Yes.

Q. He is told how much he can have by whom?

A. By the suppliers of 1941 as far as I am concerned. My quota has been given to me by the Canadian Import Company.

BY THE CHAIRMAN - It goes to prove that the people from whom they got it are governed by the Coal Control.

A. Suppliers of 1941 advise us the quota. The Commission fixes the quota.

BY MR. FRAWLEY

Q. The Coal Control fixes the quota and advises the suppliers what the quotas of those different people are?

A. Yes, I know I didn't get my quota this year.

BY THE CHAIRMAN - He says the question never was put to him.

BY MR. TASCHEREAU - But he was asked if he had a complaint,

The evidence reads:

"Q. Have you got any other reason to complain about the coal situation in Quebec City, Mr. Gingras, besides telling us that there are too many merchants? Is that the only difficulty in the coal situation in Quebec - the great number of merchants?

A. Here is what I meant exactly: there are too many merchants and there is no margin of profit. Then to continue my answer, I know that if a price was fixed, or if a minimum margin of profit was fixed -

Q. That is not the question I am asking you. I am asking you if there is - if there are any other reasons for you to complain about the coal situation than that there are too many merchants?

A. Certainly. The profits are too small, margin of profit is too small, and then I would say that I would like to get the necessary wharf to be able to import coal, myself.

EXM. BY MR. TASCHEREAU continued

Q. So Mr. Gingras, I take it from your evidence that the only complaint you made in 1937 was that you were not making enough money with coal, and that you had no wharf?

A. In 1937 I asked for wharves, and in 1937 they took my wharf and gave it to Mr. Stobo; and I said the margin of profit was too small, and the tonnage was too small for the dealers.

Q. But you were not complaining at the time about the kind of coal that was delivered?

A. I was not conducting the enquiry.

Q. I see that in 1937 you have a wharf in the name of Citidal Coal Company. Didn't you get a wharf in the name of Citidal Coal Company in 1937?

A. Yes.

Q. Did you use it?

A. Yes.

Q. What did you do with it?

BY MR. FRAWLEY - The piece which is not shaded on the map which accompanies the brief.

BY COMMISSIONER McLAURIN - It is on the inner basin?

BY MR. FRAWLEY - Yes, and part of what shows as a public dock.

EXM. BY MR. DROUIN continued.

Q. So I understand you showed us where that wharf was located and the place that you showed us is the place marked "Public Coal Dock"?

A. Yes.

Q. And you made a mark on a part of that Public Coal Dock?

A. Yes.

Q. Now you heard the testimony here, and you heard the brief, and you know what happened to that public coal dock?

A. Yes.

Q. Did you get that wharf that you pointed out to us, did you get that wharf before it was alloted as a public dock by the National Harbour Board, or after?

A. I had it before in the name of L. Gingras & Fils, and the Citadel Coal Company has been formed to meet the importation of coal, that is the reason why Gingras & Fils transferred the lease, with the permission of the National Harbour Board, to the Citadel Coal.

Q. And now can you tell us why you didn't use that wharf that you had under the name of Citadel Coal?

A. We were using that wharf.

Q. You were?

A. Sure.

Q. For how many years?

A. Coal was on that place nearly all the time.

Q. For how many years?

A. I should say about 4 or 5 years, probably more.

Q. And why have you not retained the lease of that wharf? In other words, why are you not using it now?

A. Because the National Harbour Board took it out of me to

Q. Supposing you tell me about those fellows that were dealing in soft coal. Were you in a preferred position to them simply because you had these wharf facilities?

A. No, I can say the reason that I wanted that wharf was that we had in mind to have unloading facilities and have more wharves and import our own coal.

Q. I am coming to the unloading again in a minute. When you had that wharf a barge of coal would come in and the Canadian Import Company unloaded it on your own wharf. That forestalled any mixing? They had to unload it off of the boat as it came in?

A. Yes.

Q. So when you had the wharf they could not mix the coal on you?

A. They could, but not as easy as otherwise.

Q. Let us be practical about it. Here is a boat load of coal coming in. Are you suggesting that they can unload that coal on your dock that you have a lease of, out of the boat and mix it, that coal?

A. No, but the reason why is because they can unload from the boat and be short of tonnage, and after, as they do very often, they get cheaper coal by cars which come near there, and then they have screenings, and they mix it.

Q. A rather expensive way of doing it?

A. It would be harder, because for instance if it would be government coal I presume they could get from Dominion Coal the quantity and quality of the coal, and it would be harder to mix it after.

Q. So that during that period at least, when you said they were giving you a chance, is it reasonable to assume that the chance they were giving you, they were not mixing the coal so bad when you had your own wharf?

A. Yes. Excuse me, I am doing my best in English.

EXM. BY MR. DROUIN continued

Q. Now Mr. Frawley spoke to you about that lease, dated the 5th of October, 1945. Have you heard something about that

before the Sitting today?

A. No.

Q. Now you know Giroux?

A. Very well.

Q. Has he used the public coal dock?

A. Yes sir.

Q. Will you relate to the Commission when?

A. The School Commission in 1937, I am not very sure whether it was 1937, asked for tenders, six thousand tons of coal. They bought four or five thousand tons of Buckwheat, and they put in the tender Welsh Buckwheat. They received the tenders. I met the President and asked him if they would have asked for "Welsh or equivalent" he would have cheaper price, because when you say Welsh, we have to buy it from Import. So they left those tenders without opening them, and they asked for new tenders, and they say if you are the cheapest you will get the contract. I have tendered for Belgium coal, made contacts with the operators, and Mr. Alfred Giroux is tendered for Scotch coal. I was the cheapest and they gave me the contract, but they obliged me to supply Welsh coal, and Mr. Stobo put down his price of $2.10; that is to say by putting this word equivalent, then Mr. Giroux started to compete in Quebec, and the first thing I knew the coal from Mr. Giroux was coming in. He put some coal on the public wharf, which was still a public wharf but which has been rented to Giroux. But not under the conditions of the public coal dock; it was rented to Mr. Giroux but not according with the regulations of the National Harbour Board which was for three weeks. It was rented at the specific price up to the first of May following, then Mr. Giroux, I presume he sold the coal to the Canadian Import Company, and the scale, because that scale which the Import says in his letter cost a big amount of money, is Mr. Giroux' scale.

Q. If I understand Mr. Gingras, you say there was a scale on the wharf and it was sold to the Canadian Import Company, and it is

the same scale that now the Canadian Import Company is advertising in the notice that was sent to you, and to other merchants in Quebec, a notice that is included in our brief, page 37?

A. I am not exactly sure for the scale, but I am sure for the building. They would build the scale. I just say that to prove to you that Mr. Giroux was not alone I understand, he had two other friends with him, two other partners, and I understand they sold that to the Canadian Import Company, because I saw the building there and the building is today on that scale they are talking about in this letter.

Q. Now Mr. Gingras, Mr. Frawley asked you questions regarding competition, and mixture. What do you know personally about mixture on the wharf?

A. I am obliged to say, since I know the Canadian Import are mixing the coal the most they can.

Q. Would you explain to the Commission, I don't want it to be long, but explain in a few phrases, in what way those coals are mixed?

A. Well it is very simple. They proceed two ways. They sell big tonnage of anthracite, and American anthracite makes degradation, and the Welsh is worse. Of course they figure so much percent of degradation, which means so much in cents and dollars. And instead of selling their anthracite screenings, as we call them, they mix it with the soft coal. And they sell to customers at the same price. And there is another way.

BY THE CHAIRMAN - That mixture would not detract from the heat value of the soft coal, would it, of the bituminous coal?

A. In certain instances you are absolutely right, but in general it is a loss for the consumer, because most of the installations are not fit for this. If an installation is fit for it, quite right, but the customer can buy the slack at $4.00, and the soft coal at $10.00, and mix it, and it would

be cheaper. Besides when I sell soft coal and I deliver some other kind of coal..

BY COMMISSIONER MORRISON - The customer immediately thinks that you are not creditable, if you sell him something different than what you bargained to sell him.

A. Of course. It is not a pleasure to say that, but I have to tell the truth. There is another way. They have some other kinds of coal, I don't know that it is cheaper, but I know one thing the qualities are there, and they mix that..

Q. Are you talking of B.T.U. value?

A. Yes. And they mix it, and you have to take it, and you have to take it when they say you will take coal on that pile. Mr. Stobo goes on the wharf in the morning and gives orders and those gentlemen are filling the orders. The best proof, they had to reimburse a few years ago the School Commission. I saw in the paper that the Canadian Import Company had to reimburse, or to check, or something like that, that the B.T.U's were missing in the coal.

BY THE CHAIRMAN - You say you got that information from a newspaper report?

A. I saw that in the paper.

BY MR. TASCHEREAU - When was that?

A. I am quite sure it was last year.

EXM. BY MR. DROUIN continued

Q. Now about the slack anthracite. What is slack anthracite?

A. The screenings.

Q. Is it good anthracite?

A. Yes, when the quality of the anthracite is good the screenings are good.

Q. And you say you have seen mixing of anthracite screenings with bituminous coal?

A. Yes.

Q. Will you tell the Commission if you have seen that very often on the wharves?

A. So often, we come on the wharf in the morning and we see

that quite often.

Q. What is the price of a ton, the current price of a ton of slack anthracite?

A. Well there is not much demand, but when there is demand I never heard any dearer than $4.00 a ton.

Q. Four dollars a ton?

A. Is the maximum price.

Q. What is the actual price of a good bituminous coal, a ton?

BY THE CHAIRMAN - He has covered that already.

BY COMMISSIONER MORRISON - Do you know anything about the proportion of the mixture of anthracite screenings and bituminous?

A. I don't know exactly, but in most cases I know how they proceed.

Q. It depends on how much anthracite they handle and how much slack they have?

A. Yes.

Q. I take it they mix all they have?

A. I would not say.

Q. If they are such good mixers I would say they would go the whole hog?

A. It would be easy for Mr. Stobo to say that.

BY THE CHAIRMAN - Are there anthracite screenings sold to the customers here, as such?

A. I am not sure. As far as I am concerned I have no dealings.

Q. I have used it myself with a blower.

A. I presume the anthracite screenings you used are different to those we have here.

Q. If you get screenings from good coal you get good heat.

A. Then the size of the screens. The Canadian Import have a very fine screen.

EXM. BY MR. DROUIN continued

Q. Now Mr. Gingras one last point. Besides that mixture that you have described of the slack anthracite and bituminous coal, are there any other mixtures done on those wharves?

BY THE CHAIRMAN - Do you mean to say, whether Mr. Frawley is calling witnesses?

BY MR. FRAWLEY - Following our usual procedure, there were matters in the brief I wanted to elaborate upon, so I called Mr. Gingras for that purpose; and at present I have no more witnesses to call.

BY MR. DROUIN - So the question is to prove our brief. We have of course in this brief many allegations, serious allegations, that we must prove. If I understand well, your Commission is an advisory Commission. You have the right undoubtedly to assign any witnesses. Now here is the point for us. We have read a brief. If we don't substantiate that brief, I don't know what would be the legal proof before your Commission. And certain points there are ennunciated, which require proof, and the only way for us to make proof is to hear witnesses. Now of course it would be a long proof.

BY THE CHAIRMAN - How long would it take?

A. Well probably a few days at least. And we would be ready to begin tomorrow morning, and we would need of course some witnesses for tomorrow morning.

BY THE CHAIRMAN - You want the Commission to subpoena the witnesses, or will they come otherwise?

A. Yes, we are asking the Commission to subpoena the witnesses.

BY MR. FRAWLEY - Do they all need to be subpoenaed?

A. No. I know for instance that Mr. Colin Webster and Mr. Stobo and some others would not need subpoenaes. I know if I ask them to be present and give their testimony, they will come without subpoenaes.

BY THE CHAIRMAN - But there are others that you require subpoenaes for?

A. Well of course I want to know, if probably the last day for the Sittings this week will be tomorrow?

BY THE CHAIRMAN - I think so. We have to arrange our schedule of meetings far ahead, and at the time we arranged for the meeting here we did not anticipate any long hearing. I think

I was advised it would take about two days. There are two of the Commissioners, one especially who has to get away tomorrow, two of them in fact have to get away tomorrow, so I don't think it would get your case very far advanced to hear these witnesses now.

BY MR. DROUIN - I agree with you.

BY THE CHAIRMAN - And of course we have not decided yet definitely whether we will issue subpoenaes for you or not. We have the right and the power, and under certain circumstances I think we have the obligation and the duty. Whether this is one of the cases or not is a question we will have to take under consideration for a short time, and I think that you can take it we will issue no subpoenaes for witnesses this time here.

BY MR. DROUIN - And now if I may ask something. Would it be practical to begin to begin to examine the witnesses tomorrow and then interrupt that for a long time?

BY THE CHAIRMAN - I don't think it would be practical, no, we want to have your case all in at the same time.

BY MR. DROUIN - May I ask another question.

BY THE CHAIRMAN - Yes sir. I am not under oath of course.

BY MR. DROUIN - When would the Commission be able to be back in Quebec?

BY THE CHAIRMAN - The first thing we have to decide is whether we are going to hear the evidence at all, but if we do, I would think February, early in February.

BY MR. DROUIN - Now do I understand that we must argue before the Chairman on the reasons that we have to get witnesses, or is it a question that is entirely left to your discretion?

BY THE CHAIRMAN - I think it is left to our discretion.

BY MR. DROUIN - I prefer that.

BY THE CHAIRMAN - I would not want you to come here and show us definitely the men you want to call, or anything like that, and the purpose for which you want to call them. I don't think any lawyer is ever called upon to do that, unless it is

a matter where there are other things involved.

BY MR. DROUIN - And if your Board decide not to hear any witnesses, do I understand that there would be no more sittings in Quebec?

BY THE CHAIRMAN - That is the understanding, yes.

BY MR. FRAWLEY - There are some ten briefs that were filed at noon today.

BY MR. DROUIN - Do those have reference to our brief?

BY MR. FRAWLEY - At the moment they are simply here, and left with the Secretary to be filed, so we don't know whether the people are going to present them or not.

BY MR. DROUIN - We have nothing to do with those briefs.

BY MR. FRAWLEY - No, you misunderstand me. The only thing is they may be taking a position opposite to what Mr. Drouin says.

BY THE CHAIRMAN - If those briefs are filed, and if filed not on behalf of the gentleman here, he is entitled to see them.

BY MR. FRAWLEY - Yes, but we want to find out if these people are going to be here.

BY THE CHAIRMAN - They were handed to me this morning by someone.

BY MR. FRAWLEY - They are all addressed to the Secretary.

BY COMMISSIONER MORRISON - Were any extra copies supplied?

BY MR. FRAWLEY - Ten copies of each.

BY COMMISSIONER MORRISON - Why not give Mr. Drouin a copy of each?

BY MR. FRAWLEY - I will do so.

BY MR. TASCHEREAU - And of course Canadian Import are putting in a brief?

BY MR. FRAWLEY - Is it a rebuttal brief?

A. Yes.

BY THE CHAIRMAN - Will Mr. Taschereau put in a brief without any further evidence?

BY MR. DROUIN - Am I to understand that the brief of Mr. Taschereau will be ready tomorrow morning?

BY MR. TASCHEREAU - It is ready now.

BY THE CHAIRMAN - In any case we will adjourn until tomorrow morning at 10:00 o'clock.

HEARING ADJOURNED UNTIL NOVEMBER 30th, 1945, at 10:00 A.M.

THE ROYAL COMMISSION ON COAL

Quebec City, P.Q., November 30th, 1945.

VOLUME LIX

WITNESSES:

LIST OF EXHIBITS

ROYAL COMMISSION ON COAL

Quebec, P.Q.,
November 30, 1945.

The Royal Commission on Coal convened in the Court House in the City of Quebec, P.Q., on Friday, November 30, 1945, at 10.00 A.M.

PRESENT:

Hon. Mr. Justice W. F. Carroll, Chairman

Hon. Mr. Justice C. C. McLaurin, Commissioner

Angus J. Morrison, Esq., Commissioner

J. J. Frawley, K.C., Commission Counsel

Robert D. Howland, Secretary

BY THE CHAIRMAN: I would just like to ask Mr. Drouin, suppose we come back here some time after Christmas, how many days' notice would you require?

MR. DROUIN: For my part, not more than five or six days. Of course it is a question. If you decide on hearing witnesses next time, I don't know.

BY THE CHAIRMAN: Oh well, if we come, of course ---

MR. DROUIN: Probably I would ask the Commission, if there is a decision to the effect that we can hear witnesses, to tell us whether those witnesses would be assigned by the Commission or settled by ourselves.

BY THE CHAIRMAN: The Commissioners had a discussion last night and they have decided not to hear any more witnesses now in behalf of Mr. Drouin and those he represents. That is due to various causes. We want to study the two reports that were made, in 1933 and 1937, and some other things, and if we come we will give proper notice to Mr. Drouin to get himself prepared for anything that he may have to present to the Commission.

BY MR. FRAWLEY: I think we should proceed now to deal with the 10 or 12 or nine submissions that were handed to us yesterday morning, and I think that some of them are here. Mr. Francois Nolin, is he here? Lachance et Frere? Do you intend to present this brief to the Commission, Mr. Lachance?

MR. LACHANCE: Yes sir.

Q Before you begin, that is written in French?

A Yes sir.

Q Now if you can read that off and translate it into English as you read, all right.

A I will do my best.

Q You are Mr. J. L. Lachance?

A Yes.

Q And you are a member of the firm of Lachance et Frere that sell coal in the City of Quebec?

A Yes sir.

Q Wholesale and retail?

A No, mostly retail.

(Submission marked Exhibit No. 265)

MR. LACHANCE proceeds to read Exhibit 265:

"We operate our own dock on the St. Charles River and deal especially in anthracite coal.

"However, we often need other kinds or sizes of anthracite coal and bituminous and the Canadian Import Company always supply us ---

BY MR. FRAWLEY: "Have always been anxious to supply us."

Mr. Lachance: Yes. ". . . with the necessary coal to complete our stock, and we have found the arrangement very satisfactory.

"We must add that it would be very hard to be obliged to have on hand all kinds of coal which are on the market."

EXAMINED BY Mr. Frawley.

Q You have never endeavored to do any importing of United Kingdom coal direct?

A No sir.

Q Your business is not big enough to warrant that?

A No sir.

Q Have you ever imported any United States coal direct?

A Yes sir.

Q Bituminous or anthracite?

A Anthracite.

Q And are you importing at the present time?

A Yes sir, importing through the agencies.

Q Of which agents?

A D. & H. & W.

Q But you deal direct with the Canadian branch of the ---?

A Of the line company.

Q And how about American bituminous?

A We don't handle any.

Q Well then, do you handle some Nova Scotia bituminous?

A No sir, we specially deal in anthracite.

Q Your business is almost wholly anthracite?

A Yes sir.

(Witness sworn by the Chairman)

Q You buy sized anthracite, or do you deal in anthracite slack at all?

A We don't deal in anthracite slack.

BY THE CHAIRMAN: Screenings?

A No sir.

BY MR. FRAWLEY: Have you ever bought any screenings from Import?

A No sir.

Q Do you know that they are engaged in selling anthracite screenings?

A No sir.

Q You certainly never bought any and you know nothing of the sale of anthracite screenings?

A No sir.

CROSS EXAMINED By Mr. Drouin.

Q You answered to Mr. Frawley that you had satisfactory financial arrangements with the Canadian Import?

A Yes sir.

Q They treat you very well?

A Yes sir.

Q Regarding financial payments?

A Yes sir.

Q And one more question. You stated that you had a wharf on St. Charles River?

A Yes sir.

Q That is not on deep water?

A No sir.

Q That is only a wharf for --?

A Shallow boats.

Q Small vessels, small barges?

A Yes.

BY MR. FRAWLEY: Canal boats?

A Yes sir.

Q You unload canal boats there?

A We used to.

Q At the present time?

A We are not working the wharf.

Q How much coal do you sell in a year?

A Now, from 5,000 to 7,000 tons.

BY THE CHAIRMAN: What do you mean, now?

A Well, we used to sell more before the Buckwheat was on the market.

Q You are a voluntary witness here? You weren't subpoenaed?

A No sir.

BY MR. FRAWLEY: Have you ever considered the question of stoker coal as a replacement of anthracite coal in this district?

A No sir.

Q You have never looked very closely into that?

A No sir.

Q Are there many stokers for burning bituminous stoker coal installed in this district?

A I can't say.

BY MR. DROUIN: How many miles, following the course of the river, is your wharf from what you call the central wharf of Mr. Stobo?

A If you go by the city it is about 2 miles, but it is twice as far by water; 3 miles at least.

BY THE CHAIRMAN: Do you use your own wharf accommodations for all your coal?

A Yes sir.

BY MR. FRAWLEY: What do you propose to do with that wharf?

A Well, we have got our own siding on the dock and we need the space all the time.

Q You bring your rail coal there?

A Yes, we have our own private siding.

Q From whom do you rent your property there?

A We own the dock.

BY THE CHAIRMAN: Is it under the control of the Harbour Board in any way?

A No sir.

BY MR. FRAWLEY: And it is on the St. Charles estuary?

A Yes sir, St. Charles River.

BY MR. DROUIN: Not the estuary but on the river? The estuary is the opening of the river.

A It is on the river.

Q Far from the opening of the river?

A Yes sir.

CHARLES BIDARD called. Examined by Mr. Frawley.

Q You are the proprietor of a coal business called La Charbonnerie de Quebec?

A No speak English.

Exhibit 266 - Submission of La Charbonnerie de Quebec, Enrg. - 30/11/45

Exhibit 266 translated by Mr. Gobeil as follows:

"We know by experience that it is more advantageous for us to get our coal from the Canadian Import Limited than to have our own yard.

"We are very well served and satisfied and we want to continue in the same way."

MR. GOBEIL sworn by Chairman as Interpreter.

WITNESS sworn by Chairman. Examined by Mr. Frawley, through Interpreter.

Q Now, Mr. Bidard, are you in the coal business in a very large way? What is your annual tonnage?

A A couple of thousand tons a year.

Q What do you sell, anthracite and bituminous or only anthracite?

A He says all kinds which are asked for.

Q You sell some anthracite and you sell some bituminous?

A Yes.

Q And do you buy all of your supplies exclusively from the Canadian Import?

A Yes, since two or three years.

Q Well, before the war did he buy elsewhere?

A He says he started business at the start of the war.

Q What is his buying arrangement with Canadian Import?

A He says the arrangement with Canadian Import is that they buy coal and pay it immediately.

Q Each individual load, each transaction, is paid for immediately?

A He says what he buys in a day is paid the following day.

BY THE CHAIRMAN: Is that the only business he has in the City of Quebec?

A The only business he has.

Q 2,000 tons a year?

A About 2,000 tons a year.

Exhibit No. 267 - Submission of A. Dupuis - 30/11/45

ARMAND BIDARD proceeds to read Exhibit 267:

"We, the undersigned, have been dealing with Canadian Import fpr quite some time and even though our sales are not very considerable we never had any difficulties to procure ourselves in coal, anthracite, American, or bituminous, possibly except for the last four or five years with the rationing of coal.

"The present arrangements are very satisfactory, for without using any capital we have at our disposal the best quality of anthracite and bituminous that it is possible to obtain, and a very modern equipment for unloading and the preparation at the river. Furthermore, we believe that no exporters or any other coal dealers could give us the same terms of payment as liberal as we obtain from the Canadian Import.

"In the circumstances, we don't see any opportunity in operating our own wharf and we have no intentions of operating and will continue to operate under the present system." Signed by Anna Mercier Dupuis.

BY THE CHAIRMAN: Do you belong to this firm?

MR. BIDARD: Well, I am her son-in-law, only recently returned from overseas.

Q I suppose you don't know much about the situation?

A I am afraid not.

MR. BIDARD Sworn. Cross Examined by Mr. Drouin.

Q You are a son-in-law of Mrs. Dupuis?

A Yes.

Q But you are not properly dealing with the business itself?

A Well, I am only starting now, yes.

Q Since when are you starting?

A I was here about a month, since I returned from overseas.

Q And as you say in your brief, the Import Company has accorded to your business very good financial conditions?

A Yes.

EXAMINED By Mr. Frawley.

Q It seems from your letter that you do not even operate a yard?

A We don't, no.

Q You have no wharf, no yard?

A We had before; not now.

Q How do you operate?

A We buy coal from Canada Import, like all the rest of the dealers.

Q You have trucks?

A Yes.

BY THE CHAIRMAN: You say your firm did have a yard at one time?

A Yes, some 20 years ago.

Q And a wharf?

A Yes.

Q How did they happen to lose them?

A Well, they used to import only American coal there about 18 years ago.

BY COMMISSIONER MORRISON: Who has that wharf now that you had 20 years ago?

A Canada Cement.

Q What is the annual tonnage of this business?

A Presently around 4,000 tons but it used to be, before the war, between 7,000 and 8,000 tons.

BY THE CHAIRMAN: Before the war do you know what profit you were making on your coal?

A About $1.50.

BY COMMISSIONER MORRISON: Gross or net?

A Well, it varied. Sometimes the transport was a little higher for different zones. Gross profit usually about $1.75, I would say.

BY MR. FRAWLEY: Do you own your own trucks?

A No.

Q Who owns the trucks?

A Mr. Blouin.

Q He is engaged in the business of transporting coal?

A Does the carrying.

Q What is his company?

A Maurice Blouin.

Q You would go to perhaps an institution of some sort, a convent or church, and get an order for the winter's supply of coal?

A Yes.

Q And you take that from Import's yard?

A That's right.

Q To whom would the institution make payment, to Import or to you?

A To us;

Q And in what manner do you make settlement with them?

A I don't get it.

Q How do you make payment to Import? On what basis?

A We pay every month.

Q You pay every month for the coal that you take away?

A Yes.

BY MR. TASCHEREAU: How long has your firm been in existence?

A 34 years.

BY MR. FRAWLEY: What has happened to it? It has now no yard, no trucks.

A They find it is better not to have any yard, not to own any trucks.

Q Is your firm in a better way of business than they were 34 years ago when they were operating yards and wharves?

A I imagine about the same. They can't get the wharf any more because Canada Cement had the right to get it; they had a lease of it.

Q Do you find there is much competition in the obtaining of those orders in this district?

A Not so very much, no.

Q I would just like to understand a little bit about it. There is a big business here in what is called in the trade, institutions. Do you find that the purchasing agents of these institutions are interviewed by many coal dealers, or do they have a special one they give the business to?

A Well, some customers never change, some do.

Q Do they call for tenders?

A No, not except different communities.

Q There are some institutions?

A Such as the Federal.

Q But very seldom you find some institution here in Quebec ask for tenders?

A That I know of. I may be wrong about that.

BY COMMISSIONER MORRISON: It has not been your experience?

A No, it has not.

BY MR. FRAWLEY: Then their business is solicited by all the dealers generally?

A I suppose.

Q You find that is a fact? One institution will have all the dealers call on it?

A Most of the dealers have the same customers.

Q In your case you have an institution, or two or three, and nobody else gets that business?

A That's right.

BY THE CHAIRMAN: How long have you been connected with this firm?

A Myself since 1938.

Q I thought you said about a month ago?

A I only returned from overseas.

CROSS EXAMINED By Mr. Drouin.

Q A few minutes ago you said that you were paying monthly to the Import Company?

A That's right.

Q Are you ready to make the same statement as regards the

account of the General Hospital?

A We have always paid Canadian Import every month.

Q Even for the General Hospital?

A Yes, we have never owed them any money.

H. P. COUILLARD Presents

Exhibit 268 - Submission of Geo. Couillard Enr. 30/11/45

BY MR. FRAWLEY: Will you be good enough to read that into English?

MR. COUILLARD: I prefer to read in French.

Exhibit 268 translated by Interpreter as follows:

"We have for a long time been owners of wharves and coal yards. I am of the opinion that it is certainly more advantageous for a merchant having a small or medium goodwill to make his business with the central yard rather than to operate his own wharf or yard.

"The location and maintenance of a yard or wharf necessitates laying out considerable funds. It is also necessary to have in stock eight or ten different qualities of coal to satisfy customers; certain kinds must be prepared before delivery, asking for man-power and costly equipment. The delivery calls for scales, employees, mechanic loading machines, etc., which often are in use only a part of the day or the week, but which the merchant must keep at the disposal of his clients if he wants to give a good service. The depreciation and the cost of maintenance of machinery often inactive is a heavy burden which the merchant doing business with a central yard is free from.

"The advantages that there are for me to continue to take my coal from the central wharf are so that I continue to make business in that manner rather than to have my own dock."
Signed Geo. Couillard, Enrg., per H. P. Couillard.

H. P. COUILLARD Sworn. Examined by Mr. Frawley, through Interpreter.

Q Mr. Couillard, what is your annual tonnage at the present time? Last year how much was it?

A About 5,000 tons.

Q In anthracite or bituminous or both?

A All kinds.

Q What is the principal business, bituminous or anthracite?

A Soft coal.

Q And where do you get it from?

A He gets it from Canadian Import and he is satisfied, very satisfied.

Q Now does he get it from anybody else?

A No, never.

Q Is there any other place you could get it in Quebec?

A He says, "I don't know; I never looked."

Q How long have you been in the coal business in Quebec?

A Eight years.

Q And you say you don't know whether there is any other place you could buy coal or not?

A He says he never looked for another place.

Q And right at the moment you don't know whether there is any other place where you could buy coal except Canadian Import?

A Yes.

Q Do you have your own trucks?

A No sir.

Q How is your coal delivered?

A By a man who is working for him all the time. Mr. Leclerc.

Q He is a big trucker, is he?

A He works for me.

Q Exclusively for you?

A Yes, exclusively.

Q He doesn't work for anybody else?

A I don't know. After he finishes with me he may work some other place.

Q How many trucks has he got?

A One.

Q And you find it more convenient to have him own the truck than for you to own it?

A Well, I think it is cheaper for me.

Q And do you bring any coal in by rail?

A No sir.

Q That is a very pretty picture of a car on your letterhead.

A My brother was in the business for 20 years.

Q He used to bring it in? George Couillard used to bring in coal by rail? The firm anyway used to bring in coal by rail?

A He explains that that is a registered firm and he kept the same letterhead.

Q The firm at one time did bring in coal by rail?

A Yes, by boat and car.

Q Why was that discontinued?

A Well, I wasn't in business at that time.

Q Where is George? Is he still in business?

A Oh yes, but not in the same.

Q H. P. Couillard is the sole owner of George Couillard Enrg.?

A Yes sir.

Q And you are not in the same way of business as he was?

A No.

Q You are strictly buying from Import and he used to import coal himself, did he?

A Yes.

Q Now do you sell any Nova Scotia soft coal?

A He buys from Canadian Import and he doesn't know where the coal comes from.

Q Well, do you not know whether it is American or Canadian bituminous when you are selling coal?

A He says he can't answer that. He asks the coal he wants and the trucks go and get it.

Q He asks them for the coal he wants? What does he ask for?

A To supply my clients.

Q No, no. When he places an order with Canadian Import does he not specify whether he is buying Nova Scotia bituminous

or American bituminous?

A He asks them only for soft coal.

Q And he gets soft coal?

A Yes.

Q Before the war when Nova Scotia coal was coming up here did you not know whether you were buying Nova Scotia coal or not?

A No, I never go on the wharf.

Q To whom do you sell your coal? To private houses or to institutions?

A Well, sell to big houses like say a hotel or government.

Q Dominion government?

A Yes sir.

Q Does the dominion government not know whether they are getting Nova Scotia coal or American coal?

A He doesn't think it is mentioned.

Q In fairness to you I was told you understand the expression "Sydney coal". You know what Sydney coal is, do you?

A Yes.

Q What is Sydney coal?

A When it is asked for by the government they mention Sydney coal.

Q Where does Sydney coal come from?

A From Canadian mines.

Q Do you know where Sydney coal is produced?

A Yes.

Q Where?

A Nova Scotia.

BY COMMISSIONER MORRISON: Ask him if he ever has any complaints from his customers.

A No. Since the war they are not satisfied 100 per cent, but the government put in the paper that coal is mixed.

CROSS EXAMINED By Mr. Drouin.

Q You are well treated by the Canadian Import?

A Very well.

Q In your answer you started to say that you were treated like

a prince, or something like that?

A I think you did not understand well, sir.

Q Only one more question, Mr. Couillard. Have you a special understanding with the Canadian Import regarding the coal to be delivered to Champlain Brewery, as to price, etc.?

Q The Champlain Brewery asks for tenders. I always tender and I always get the sale because my brother is the president of the brewery.

Q Who tenders for the sale to Champlain Brewery? Is it Canadian Import or yourself?

A Myself.

Q Do you sell to Champlain Brewery at the same price as to the other clients?

A Yes; sometimes higher; not much, one cent or two cents.

Q Your answer is yes, except there is a difference of one or two cents?

A The difference can be higher than that; he says it is the general price.

EXAMINED By Mr. Taschereau.

Q When your brother was in the business I understand he had a wharf?

A Yes.

Q What happened to that wharf? Is it vacant?

A No.

Q Is it used?

A No, but I can't get it now. It belonged to my brother. There is a big building on that.

Q But you don't feel like using the wharf?

A My brother offered me to use it.

Q But you don't want to use it?

A No. He says he didn't use it because the man-power was too hard to get.

Q And you prefer to take coal from the Canadian Import direct?

A Yes sir.

CROSS EXAMINED By Mr. Drouin.

Q This wharf, Mr. Couillard, was on the River St. Charles?

A Yes sir.

Q And this wharf was far from the Louise Basin?

A No, the boat came to the wharf.

Q Barges?

A Also barges.

Q It was by barges, canal boats?

A Yes.

Q It was not and it is not a deep water wharf? You understand what a deep water wharf is?

A It was not a deep water wharf.

BY COMMISSIONER MORRISON: Ask him if that had anything to do with giving up the wharf?

A No.

BY MR. FRAWLEY: You never had any facilities for unloading deep draft boats?

A At high tide.

BY MR. DROUIN: In following the course of the river what is the distance between your wharf, the wharf of your brother, and the Louise Basin?

A About half-a-mile.

FRANCOIS NOLIN presents

Exhibit 269 - Submission of Francois Nolin 30/11/45

Exhibit 269 read by Mr. Gobeil as follows:

"I am in the coal business since May 1918. I have operated my own wharf from 1919 to 1931.

"At that time I imported my coal from the United States and I received it either by barges or by rail. During that period my trade consisted almost entirely in the sale of egg, stove and chestnut American anthracite. The little quantity of bituminous coal that I then sold I used to buy from Canadian Import Company Limited, except the smithy coal that I ordered from the United States.

"Delivery of my coal was done at that time with horses, that is to say, about one ton per trip. The screening and the loading was done by hand.

"The said delivery by horses having become too costly to enable me to make competition I started to make it with trucks in 1929. A little after I found out that I could not advantageously make the delivery by trucks from my own wharf because I had not the equipment to do the screening and the loading rapidly. The necessary equipment which I would have had to instal on my wharf would have necessitated too much investment, considering everything, especially the quantity of tons of coal that I had to handle. It is at that time that I decided to buy all my coal from Canadian Import Co. Ltd., this company having all the equipment necessary to handle the coal at great speed and providing me with the advantage of being able to make competition.

"I have always continued since to buy my coal from that company. I also keep in touch with other importers but I never found it advantageous to buy from them. Since the start of the war I must admit that I have been treated by Canadian Import in an equitable manner. It has been necessary to suffer some delays, due to causes sometimes uncontrollable, but in all, my clients have all been served properly, according to the ordinances of the Coal Controller."

FRANCOIS NOLIN sworn. Examined by Mr. Frawley.

Q Where is Limoilou? Is that a part of Quebec?

A Yes sir.

Q Part of Quebec City?

A Yes sir.

Q Now are you better off financially under the present system of doing business through Import than you were when you were operating by importing your requirements?

A Our profits are as good now as they were at that time.

Q Are they any better?

A Well, about the same.

Q And what is the principal reason, in a word, why you discontinued that former method of doing business?

A Due to the fact it will have to take too much capital to equip my wharf so to be able to load and handle my coal at a reasonable price.

Q That is after the St. Lawrence Stevedoring came into the business with the fast plant?

A Yes sir.

Q And that made a big difference, I suppose?

A Due to the fact, and we have to do our delivery with trucks.

Q No, I say when the fast plant came into operation, was that the beginning of the change?

A Yes sir.

Q Now why?

A Because it was cheaper to use their facilities than my wharf.

Q Unless you duplicated the St. Lawrence Stevedoring plant, and that was out of the question, I suppose?

A That was out of the question, sure.

Q Your tonnage was not nearly big enough?

A To be able to instal such a plant.

Q What was your tonnage at that time?

A Around 7,000.

Q And what is your tonnage now?

A About the same, between 6,000 and 7,000.

Q Does Canadian Import do anything at all to control the amount of your tonnage?

A Not at all.

Q If you could get $15,000 worth of business you would be able to get those supplies?

A If I was able, I would get the coal.

Q Do you buy your supplies any place else?

A Presently?

Q Yes?

A I buy only from Canadian Import.

Q What do you mean by "presently"?

A Well, before I was buying from the States.

BY THE CHAIRMAN: You are not an importer now?

A No.

BY MR. FRAWLEY: When was the change-over?

A When I closed my wharf? That was in 1931.

Q And from 1919 to 1931 you were operating by doing your own importing, and now since 1931 you buy exclusively from Import?

A From Import.

Q Supposing you had some difference of opinion with Import, is there any place else in this area you could obtain your supplies?

A Well, I would be able to have coal from the States.

Q No, no. You have discontinued importing and you are now taking your supplies from Import. That's right, isn't it?

A Yes sir.

Q Now suppose you discontinued your arrangement with Import?

A Yes sir.

Q And without going back to importing direct, is there any other place in this area where you could obtain your supplies?

A No, I don't think so.

Q. It would not be convenient for you to go to a latge Montreal dealer, I suppose, to obtain your supplies? A wholesaler I mean in Montreal, a large Montreal wholesaler?

A. We could do that. I would be able to buy some from Montreal.

Q. How practical would that be as compared with dealing with Canadian Import?

A. I have more advantage to deal with Canadian Import.

Q. More advantage to deal with a local supplier?

A. Yes.

Q. And the only local supplier is Canadian Import?

A. Yes.

Q. Now you say you have kept yourself in communication with other importers but have never found it advantageous to buy from them?

A. To make sure of what I was paying, from the importers.

Q. To make sure of the price?

A. Yes.

Q. Who have you been in touch with?

A. I have many places with the same people we were doing business them them before.

Q. I want to be sure to understand. At the present time you buy all your anthracite from Mr. Stobo?

A. Yes.

Q. But to keep a check on what Mr. Stobo is charging you, you are in touch with suppliers in the United States?

A. Yes sir.

Q. Give us the names?

A. I would not like to.

Q. Hudson Coal?

A. No.

Q. Redding Company?

A. We have received many letters from people from the States.

Q. Who are the people you are writing to to obtain the

information to enable you to keep a check on Mr. Stobo's prices?

A. From brokers.

Q. Who are they?

A. I have not the names here, I would like to check them.

Q. Where are they located?

A. Some brokers in Montreal.

Q. Mr. Clapham?

A. No.

Q. He is an independent broker, is he?

A. I would like to consult my books.

Q. It might be useful while we are here this morning if you can get that information from your office, and we may put you on again.

EXAMINED BY MR. DROUIN

Q. You have many trucks?

A. Yes.

Q. How many?

A. 124.

Q. 124 trucks?

A. Yes.

Q. And they are used for what?

A. General cartage.

Q. It is a fact Mr. Molin that you are doing the general carting for the Canadian Import?

A. Yes sir.

Q. Every ton that is sold by Canadian Import to direct clients is carted by your trucks?

A. No, not at all.

Q. What is the coal that is not carted by your trucks?

A. I should say all kinds of coal.

Q. I don't think you understand.

A. You asked me what kind of coal.

Q. Yes?

A. All kinds of coal.

Q. I want to be precise on this point. Are you carting all the coal that is sold by the Canadian Import?

A. No sir.

Q. What kind of coal are you carting for Canadian Import?

A. I cart every kind of coal.

Q. Every kind of coal?

A. Yes sir.

Q. If the coal is to be delivered to a private person, are you carting that coal?

A. Yes. Not all the time.

Q. And when you don't cart the coal, who is doing that carting?

A. Different other carters.

Q. You have 124 trucks?

A. Yes sir.

Q. How many of them are employed for carting for Canadian Import?

A. When do you mean, around this time?

Q. Well, usually?

A. At the present time I have, well I think today I have 12.

Q. But since one year?

A. It runs between 10 and 15 trucks.

Q. Never more than 15?

A. Well one day I might go up to 18, but I should say between 10 and 15 trucks.

Q. You have an agreement of course with the Import people regarding that carting?

A. Yes sir.

Q. What is the price?

A. It all depends on the place and the coal.

Q. What is the normal price?

A. What do you mean by normal price?

Q. Suppose you have to deliver a ton of coal from Louise Basin to the Upper Town?

A. What kind of coal?

Q. Will you please specify.

A. You are questioning me.

Q. Anthracite?

A. $1.00 a ton.

BY MR. TASCHEREAU - I am wondering if that is very important.

BY THE CHAIRMAN - If it is not important to us, I will stop it. To me it is, as far as I am concerned.

EXM. BY MR. DROUIN continued

Q. One Dollar?

A. Yes sir.

Q. What is the total revenue of your carting, derived from your carting for Canadian Imports, since one year?

A. I would like to have a look in my book if possible.

Q. Around what?

A. Roughly it has run between $1200. and $1500. a week.

Q. $1200. and $1500. a week?

A. Yes.

Q. Now Mr. Nolin just one more question on that carting. You are giving us figures, but you said at a certain moment that you were not doing all the carting of the coal of the Canadian Import?

A. Yes sir.

Q. What do you mean? What kind of carting are you doing yourself, and what kind of carting you don't do?

A. What kind of carting I am doing? I am doing the cartage of their coal, and sometimes they have somebody else to cart.

Q. Sometimes they have somebody else?

A. Yes, but they cart the same kind of coal as I do.

Q. But I think you will admit that you are doing the general carting for them?

A. Yes sir.

BY THE CHAIRMAN - In their retail business, you mean?

BY MR. DROUIN - Yes, he answered a few minutes ago to Mr. Frawley that he was in the retail business.

BY THE CHAIRMAN - But is he carting for the sales that the Canadian Import make to their customers, their consumers?

BY MR. DROUIN - Yes.

EXM. BY MR. DROUIN continued

Q. And besides the carting you are doing for the Canadian Import, of course you are doing the carting for your personal clients?

A. Yes sir.

Q. I don't remember if you answered Mr. Frawley, what is your tonnage?

A. Between six and seven thousand tons per year.

Q. Now you have prepared the brief yourself, Mr. Nolin?

A. Yes sir, with my crowd.

Q. Has anybody asked you to prepare the brief?

A. No sir.

Q. Nobody at all?

A. Nobody at all.

EXAMINED BY MR. TASCHEREAU

Q. Are you satisfied with the kind of coal you get from the Import Company?

A. Yes sir.

Q. Have you received complaints from some of your customers regarding the quality of the coal?

A. During the war, or before?

Q. Well before and after 1939?

A. Yes, during the war we received some complaints.

Q. But before the war?

A. Before the war, sometimes, yes.

Q. What were people complaining of?

A. Well it is very hard to answer. We have so many different..

Q. But as a rule was the kind of coal satisfactory?

A. Yes.

Q. It was good coal?

A. It was good coal, yes.

Q. Either soft coal or anthracite?

A. Both of them.

Q. Now Mr. Nolin, you have heard of a new scale that was installed by your company?

A. Yes.

Q. What have you to say about that scale?

A. What do you mean?

Q. Do you think this scale is useful?

A. Yes.

Q. In what respect?

A. It is used to weigh our truck empty before we load.

Q. Is it an improvement on the past?

A. It certainly is.

Q. Why?

A. Because that scale is used only to weigh the empty truck; before they had that scale we were obliged to weigh our truck on the same scale and made us lose time.

BY THE CHAIRMAN - Did I understand you to say that you just dropped in here without anyone asking you to come and deli er this brief?

A. Yes, Mr. Cote, Celestin Cote; but to come here, I understood him to ask me if anybody asked me to do that.

EXAMINED BY MR. DROUIN

Q. Mr. Celestin Cote asked you to come here?

A. Yes.

Q. Did he help you to make that letter?

A. No.

Q. You did it alone?

A. I made it alone.

BY COMMISSIONER MORRISON - There would be nothing wrong with him hiring counsel.

BY MR. FRAWLEY - How much tonnage of coal do you move a year with these 124 trucks?

A. They are not on coal only. We do general cartage in Qiebec.

Q. How many trucks have you got exclusively assigned to trucking coal?

A. About 20.

Q. And does Import own any trucks of their own, or do you do all the trucking for them?

A. I am doing the trucking for them.

Q. They don't own or operate trucks for themselves?

BY THE CHAIRMAN - How does he know that? I don't know that he should undertake to answer that.

BY MR. FRAWLEY - It all depends on how much he knows about their business. In any event, you don't know whether or not they own or operate trucks themselves?

A. I don't see any of their trucks in Quebec. I saw them before, but not now.

BY COMMISSIONER MORRISON - If they do, they don't operate them in their own name?

A. No.

EXM. BY MR. FRAWLEY continued.

Q. What service do you perform for the $1.00?

A. I take the coal from their wharf to the customer.

Q. Who loads the coal into your truck?

A. The Company.

Q. And do you supply the driver of the truck?

A. Yes.

Q. One or two?

A. Two.

Q. They are your men entirely?

A. Yes.

Q. And you haul the coal to the consumer?

A. Yes.

Q. And you unload into the receptacle?

A. Yes.

Q. And for that you get $1.00 per ton?

A. Yes.

Q. Does the distance make any difference?

A. Not in Quebec City.

Q. Anywhere in Quebec City it is $1.00 a ton?

A. Yes.

Q. It averages up at $1.00?

A. Yes.

Q. Is this $1.00 a contract price between you and Import?

A. Yes.

Q. Not regulated by anybody?

A. No.

BY THE CHAIRMAN - In some cities they have regulations within certain areas.

EXM. BY MR. FRAWLEY continued.

Q. This is not on a mileage basis?

A. No. It was before.

Q. So much a mile?

A. Not exactly, but the town was divided into zones.

Q. Was that a matter of private contract between you and Import?

A. Yes.

Q. Do you ever get more than $1.00 a ton for anthracite?

A. Yes, when we have to have bagging.

Q. How much over that?

A. It all depends on which floor it goes.

Q. Who supplies the bags?

A. I do.

Q. Who fills the bags on the docks?

A. We fill the bags on the dock.

Q. At your expense?

A. Yes. We use their machine.

Q. Whose men do you use?

A. My men.

Q. And their machine?

A. Yes.

Q. And your bags?

A. Yes.

Q. And then if you deliver it to a third story you get how much?

A. We have 25¢ per floor.

Q. And you get that from Import?

A. Yes.

BY COMMISSIONER MORRISON - 25¢ per floor?

A. Yes.

Q. What is the maximum number of floors?

A. Three.

EXM. BY MR. FRAWLEY continued.

Q. And Import pays you in some instances $1.75?

A. Yes.

Q. What do you get for bituminous coal, when delivering bituminous coal?

A. We have different prices, it all depends where. It is all divided.

Q. There are zones in bituminous coal?

A. Not exactly zones, but a special price for such different places, different customers.

Q. Different prices for different customers?

A. Yes.

Q. For example? Give me two or three concrete examples?

A. From 45¢ to 75¢.

Q. Give me a case of the 45¢?

A. When it is very close to the dock.

Q. I asked you was it a case of distance and you said No.

A. Not on soft coal, but on hard coal.

Q. I am speaking now entirely of soft coal?

A. Yes.

Q. You say the price ranges from 45¢?

A. To 75¢.

Q. When is it 45¢?

A. When it is very close and a nice place to dump and we have no trouble unloading, then it is cheaper.

Q. And it goes up in accordance with distance and inconvenience?

A. Yes, and efficiency of unloading.

Q. And it may be 75¢?

A. Yes.

BY COMMISSIONER MORRISON - There is a minimum tonnage that you haul for this price. What is the minimum tonnage you haul for this price?

A. For soft coal or hard coal?

Q. The hard coal first, the minimum tonnage you handle for this price? For instance, a chap orders two tons and someone else one ton.

A. I have the same price.

Q. For the fellow that only gets the one ton?

A. Yes.

Q. The same with bituminous?

A. With bituminous whenever I have small load..

Q. You have no minimum for that either?

A. No.

EXAMINED BY MR. DROUIN

Q. Is it not a fact that you are the only one charging $1.00 for carting, and that the other carters are charging 75¢?

A. I don't know what the others charge.

Q. You swear you don't know what are the other charges?

A. I don't know.

Q. You have no idea?

A. I might have an idea.

Q. What kind of idea?

A. I don't want to answer what the others get.

BY THE CHAIRMAN - Do you know?

A. I have heard that somebody was doing some for 75¢.

EXM. BY MR. DROUIN continued.

Q. You have a contract with Canadian Import?

A. Yes.

Q. You have no objection to filing that contract here before the Board?

A. If I am obliged I will have to do it.

BY THE CHAIRMAN - Do you think we should have it?

BY MR. FRAWLEY - To the extent we are going into this matter, yes I think so.

BY THE CHAIRMAN - You will produce it then, Mr. Nolin.

EXM. BY MR. DROUIN continued

Q. So you will bring this contract here this afternoon?

A. Yes.

Q. One more question Mr. Nolin. Since a few years you have not seen any truck belonging to the Canadian Import on the wharf? That is what you told us?

A. Yes sir.

Q. Because I think you bought yourself their trucks?

A. I bought some.

Q. How many?

A. Three.

Q. And they have no more on the wharf?

A. I don't see any more on the wharf.

Q. You bought horses too from them?

A. Yes sir.

Q. How many horses?

A. I think it is nine, I am not quite sure. It is a fairly long time.

Q. And Mr. Celestin Cote asked you to prepare a paper?

A. No he didn't, but he asked me to come here.

Q. The same Mr. Cote was the President of the Retail Merchants' Association, Fuel Section?

A. Yes sir.

Q. And you are one of the Vice Presidents, I think?

A. Yes sir.

BY MR. FRAWLEY - We have some briefs which were handed in, and for which I think no one is appearing to present them, so we will mark them as Exhibits.

Exhibit 270 - Submission of E. P. Berube, Nov. 27/45.
Exhibit 271 - Submission of Albert Royer Enreg., Nov. 27/45.
Exhibit 272 - Submission of Alfred Giroux, Nov. 28/45.
Exhibit 273 - Submission of Saillant & Fils Enrg., dated Nov. 27/45.

BY MR. FRAWLEY - I am told that Mr. Saillant has not very good health and preferred not to present the brief personally.

BY MR. DROUIN - If you decide to give us the permission to assign witnesses, I would then insist to examine Mr. Saillant.

BY MR. FRAWLEY - Those are all the briefs of these Coal Dealers that we had to submit. And now I have some other matters to

complete unless there is something else to be said by anyone. We have had sent to us a brief of the Canadian Import and I understand it is in the nature of a rebuttal brief. I am in the hands of the Commission as to whether this is the time to hear the brief which was handed to the Secretary yesterday, and I think before I take any position about that, we should hear the witness of the Import Company.

BY THE CHAIRMAN - A rebuttal brief. We have heard no witnesses from the complainants in this case yet.

BY MR. DROUIN - You have only to read the brief and it is a reply to ours.

BY THE CHAIRMAN - Mr. Taschereau, you are acting for Import?

BY MR. TASCHEREAU - Yes, but Mr. Stobo will read the brief, if the Commission decide that. Of course we do not want to proceed if Mr. Drouin has not completed his evidence.

BY THE CHAIRMAN - He has not given any evidence yet, as such.

BY MR. TASCHEREAU - Or his case.

BY MR. DROUIN - Of course I don't want to intrude, and Mr. Taschereau knows better than me, his case. But I understand if the brief is read, we should have the right to put some questions to Mr. Stobo after, because the same thing has been done for my clients yesterday.

BY THE CHAIRMAN - No question about that.

BY MR. TASCHEREAU - Before Mr. Stobo reads the brief I would like to ask to be allowed to have Mr. Gingras at the Bar so as to file certain letters and the signature identified by Mr. Gingras.

BY THE CHAIRMAN - Why didn't you do that yesterday when we had him on the stand?

BY MR. TASCHEREAU - Can I apply now to ask leave?

BY THE CHAIRMAN - Just to recognize certain documents?

BY MR. TASCHEREAU - Yes, my Lord.

BY THE CHAIRMAN - All right.

MR. PATRICK GINGRAS returns to the stand.

EXAMINED BY MR. TASCHEREAU

Q. Mr. Gingras, would you look at this letter under date of 25th of April, 1934, addressed to Mr. Stobo, and will you tell me if it is signed by you?

BY THE CHAIRMAN - Is it an original letter?

BY MR. DROUIN - Yes. I have to say yesterday the witness was examined by Mr. Frawley on his brief, on the brief that we have filed before the Board. After that he was also examined by Mr. Taschereau, and myself, but I understand he was examined on questions that were in the brief.

BY THE CHAIRMAN - Is this proof of something, some allegations you are making in your brief?

BY MR. TASCHEREAU - Yes, my Lord.

BY THE CHAIRMAN - Why not read your brief first?

BY MR. TASCHEREAU - All right, and I will file the letters afterwards.

EXHIBIT 274 - Reply by The Canadian Import Company Limited to Joint Brief presented by Le Syndicat National du Combustible Inc. and E. J. Chartier & Company, Registered. Dated November 28th, 1945.

Mr. Stobo then reads Exhibit 274, as follows:

To the Royal Commission on Coal, sitting at Quebec, Thursday, November 29th, 1945. Reply by The Canadian Import Company Limited to Joint Brief presented by Le Syndicat National du Combustible Inc. and E. J. Chartier & Company, Registered.

In presenting this brief in reply to the joint brief presented by the Syndicat National du Combustible Inc., signed by Patrick Gingras, and E. J. Chartier & Co. Reg'd., signed by Thos. Duhamel, may we first express our congratulations for the manner in which your investigations have been carried on, and the high level on which matters pertaining to a National Fuel Policy of Canada have been discussed. We, therefore, regret that at this, which we understand may possibly be its closing session, matters are being presented to your Commission which are purely of local interest, having no direct or indirect connection with a National Fuel Policy for Canada, and also that the sitting of your Commission in Quebec should be taken advantage of for the purpose of exposing certain personal grievances, the adjustment of which, if they do exist, should be settled by Departments already established by the Authorities for such a purpose.

Before proceeding to the discussing of the charges set forth in the Gingras-Chartier Brief, may we say that we are not surprised that such a brief should be presented by Patrick Gingras, this for reasons which will be set forth later on in this Brief, but we are surprised that E. J. Chartier & Co. Reg'd. should be a party to same, inasmuch as our relations with this firm have always been most cordial, hence we can only conclude that in the first instance it has been prompted by a spirit of animosity and in both instances, in the hope of securing some material personal advantages, and in addition with the object of putting us in an unfavorable light in the eyes of the public. We regret that we are forced to make such a statement, but the brief which has been presented leaves us no other alternative.

Let us now proceed to discuss the Gingras-Chartier Brief itself, a very large part of which is a resume' of the facts which were brought out in the MacGregor Investigation, later by the Royal Commission of which Dr. Tory was Chairman, all of which we are sure your Commission is already familiar with, as are also the general public, and all of which were dealt with in the Judgment of Judge Laliberte, and later, in the Tory report. Any criticism contained in either of these documents, as to our various contracts, or the conduct of our business have long since been rectified, hence we do not feel it needful at this time to dwell further upon these features of the brief, and will proceed to take up and reply to the various grievances referred to therein.

Dominion Coal Company

Geo. M. Webster & Co. and later their successors, the Canadian Import Company Limited, have represented the Dominion Coal Company or the Nova Scotia Steel & Coal Company, for over fifty years and have been pioneers in the introduction of and the maintaining of this market for the sale of Cape Breton coal. We have provided modern facilities for the discharging and handling of this coal. It has been sold at reasonable prices to both the dealer and the consumer. No reputable dealer, financially responsible has ever been refused their requirements. It is, therefore, not unreasonable, nor open to criticism that such an agency should continue to exist, and we are surprised that Chartier & Co. should be a party to this criticism, when they themselves act as sole agents for the Dominion Coal Co. in the City of St-Hyacinthe.

BY MR. FRAWLEY - Just for the record, what is it that you refer to as the judgment of Judge Laliberte?

A. That is in connection with the MacGregor Report.

Q. Those were the prosecutions following the MacGregor Report?

A. Yes.

BY MR. FRAWLEY - Mr. Stobo has filed this morning some sheets of paper which contain interjections which he wants to make. And

the first interjection he wishes to make here.

MR. STOBO continues

The fact that Mr. Colin W. Webster is a Director of the Dominion Coal Company is not unusual, nor is it open to criticism, but should be regarded as the high esteem in which his business ability is held, not only as a Director of the Dominion Coal Company, but of many industrial companies where he acts in a similar capacity.

BY THE CHAIRMAN - That is to be added at the bottom of page 2?

A. Yes, Sir.

MR. STOBO continues Brief

Retail Merchants' Association Inc. (Fuel Section)

The representative of this Association is quite able to speak for himself, we see no reason why the City authorities should not have been made aware of the facts leading up to such a request.

Reference is made to the four parties in favor of such a request. We might remark that one of these was L. E. Caron, closely associated with E. J. Chartier & Company Reg'd. and the other a junior employee of A. Dupuis who had no authorization to act nor knowledge of the matter under discussion.

Subsidiaries

The Tory report deals with the various subsidiaries owned by us the whole or in part, and no adverse criticism is made in this connection. Judge Laliberte, when speaking of the acquisition of certain retail firms in Montreal by the Canadian Import Company Limited has this to say regarding the Quebec situation:

> "This line of argument applies also to the Canadian Import Company's contract of management of Madden & Son, Limited, Quebec. The Canadian Import Company is not accused of conspiracy or coalition with Madden & Son, Limited. And it cannot be said that Madden & Son, Limited, was an unknown party to the coalition when the indictment was drawn."

We would like to mention that we understand Mr. Gingras operates or owns the following companies, i.e.

Patrick Gingras
Le Syndicat National du Combustible Inc.
The Citadel Coal & Oil Co. Limited

E. J. Chartier & Co. Reg'd., we understand, owns or controls

Thomas Duhamel & Co. Enr.
L. E. Caron Enr.

and lately have taken over the trucking business of Rosaire Dumas. Does criticism in this connection apply to themselves?

BY THE CHAIRMAN - They are not importers of coal?

A. No, practically no importers of coal.

MR. STOBO continues brief

The question is asked: "Can an Independent buyer of Quebec, supposing that he would have at his disposal his own wharf for the unloading of coal, and this does not exist, purchase actually his coal directly from Wales or Scotland or the United States or Russia or Germany or Belgium or Indo-China?" Our answer to this is emphatically Yes. Provided he has the initiative, courage and the necessary financial backing. It must be remembered, however, that such connections are not made in a day or a year. It takes many years of hard work to establish such a connection and once it is established it is not likely to change.

We would like to point out that any Dealer, large or small, in Quebec can import his own American anthracite coal direct from a variety of sources. In normal times, any American producer is only too glad to supply their product to any solvent buyer. The fact that the Canadian Import Company Limited are the Quebec representative of the Philadelphia Reading Coal & Iron Company is no more strange than the fact that E. J. Chartier & Co. Reg'd. have the Agency for the Lehigh Valley Coal & Navigation Company. We believe that some of the other dealers in the City of Quebec have similar connections.

We would point out that as far as price is concerned, American anthracite coal can be imported into Quebec as cheaply, and possibly cheaper, by rail as by water, when various factors are taken into consideration.

At present, the all-rail freight from Mines to Quebec is	$4.11 N.T.
Equalization rate is	.24 N.T.
	$4.35 N.T.

(That is the American Exchange on the rate).

Via Lake and Canal, freight and other charges are as follows:

Freight Mines to Lake	$2.78 N.T.
Exchange	.30 " "
Water Freight to Quebec	1.20 " "
Insurance	.01 " "
Wharfage	.10 " "
Discharging	.40 " "
	$4.79 " "

BY MR. FRAWLEY - You are showing that it is cheaper to bring it in all rail?

A. I am showing that we have no advantage in bringing in by water over the man that brings it all-rail, except in this way, due to handling facilities, screening etc. that we have, it pays the ordinary dealer better to come to our dock and get his coal than to import it himself by all-rail. That is a well known fact, any dealer will corroborate that.

MR. STOBO continues brief.

In addition, the degredation on water borne coal is considerably heavier than in rail coal.

Due to war conditions, very little, if any, water borne American anthracite coal has come to Quebec, in recent years practically all of this coal being delivered direct from mines by rail. This coal is available to dealers in carload lots if they so desire, at lower prices than ex dock deliveries. Due however to the necessity of providing yards and sidings to receive this coal, machinery to unload the cars and load the trucks, larger financial responsibilities made necessary by the need of keeping a supply on hand, the dealers, almost without exception, find it more profitable to take their coal from a Central Depot. This, we think, is pretty general in all large cities. Mention might be made here that E. J. Chartier & Co. Reg'd. have always had their own yard, and have lately branched out with a larger yard and trestle, taking delivery of the bulk of their coal direct by rail, but from time to time finding it more profitable to take delivery from a central depot.

Unloading Facilities

It is true that the St. Lawrence Stevedoring Company

Limited own and control the only modern coal handling plant in Quebec Harbour. It is also true that in the Judgment of Judge Laliberte, the St. Lawrence Stevedoring Company Limited was exonorated.

> "As for the St. Lawrence Stevedoring Company, Limited, it has been contended that exhibit P. 21 established its participation in the agreements found illegal. This document is merely to the effect that the St. Lawrence Stevedoring Co. Ltd. acquired the assets of the Canadian Welsh Anthracite Company, Ltd., and it does not necessarily follow that it has been party or privy to the illegal agreements charged. This has not been proved and I have come to the conclusion that the St. Lawrence Stevedoring Company should not be found guilty on any count or on any agreement."

It is equally true that this plant was erected by private initiative, with private money, and without any Government or Municipal assistance. It is also true that while erected primarily for the handling of our own tonnage, its services have always been at the disposal of anyone who had coal to discharge. The rates being as low as, or lower than, any other St. Lawrence or Atlantic Ports.

It is also true that in the last thirty-five years, with the exception of coal handled for various Pulp & Paper Companies, Railways, etc., on not more than three occasions have we been asked by any dealer to discharge coal, and in each case such a request has been acceded to. From this it would appear that there is not such a crying need for an independent discharging plant, as is stated in the Gingras-Chartier Brief.

We wonder if those who talk so glibly of the Government or Harbour authorities providing discharging and handling equipment for coal, have any idea of the capital expenditure required, the operating cost, maintenance, depreciation, taxes and other expenses connected therewith. Or of the tonnage necessary to justify the creation of such facilities. We wonder if they are aware that if such facilities were provided by the Harbour Authorities, how much tonnage could be expected to be handled by them, taking into consideration the tonnage such as Pulp & Paper Companies, Railways, etc., which under normal conditions would

not be available to retail dealers, nor would be handled through a Harbour plant, unless it is the intention to nationalize the coal industry in all its branches. We also wonder if they know that the discharging of water borne coal constitutes but a small part of the work required to store, prepare and re-load the coal for delivery to the public. It would be also interesting to know if they realize that at no time, in any one year, have they sold enough bituminous coal of one grade to provide a full cargo for a regular coal carrying steamer operating in normal times.

They cannot be aware that by reason of the great variety of different grades and qualities of coal to be handled, and we presume to be kept separate for the account of each dealer, that thousands of square feet of dock space would be required, and much duplication of landing and handling machinery necessary, which, in our opinion, could not but have the effect of greatly increasing handling costs, which would ultimately have to be borne by the consumer. In this connection, we quote an extract from the report of Sir Alexander Gibb made at the time he made a survey of all the Canadian Harbours on behalf of the Canadian Government.

BY THE CHAIRMAN - Was it the Tory Commission, did he make any recommendations regarding the equipment of any facilities here by the Harbour Commission for the handling of cargo, either coal or anything else?

A. To my recollection he made none.

Q. I thought we had yesterday that there was some such attempt made some years ago by the Harbour Commission to equip a wharf.

A. The Harbour Commission for many years have had locomotive cranes on the dock, and those are available for anybody that requires their services. But modern methods require quick discharge and these cranes will not take hold of it.

Q. Was any recommendation made by any person, I don't mean a Commission, for the establishment of such equipment, even at that?

A. As far as I know there was none, Sir.

MR. STOBO continues brief.

Extracts from the Report of Sir Alexander Gibb (Jan. 15, 1932) on the survey he made of the National Ports of Canada.

Par. 121

"In my opinion the arguments are strongly in favor of a state-ownership and operation of wharves, sheds, and handling facilities in Canadian ports. Private enterprise should be encouraged where marketing considerations enter in, or where there are responsibilities or risks that a state organization is not fitted to assume. In these I would include generally such activities as coal handling, bunkering, fuel oil, stevedoring."

Par. 122

"Generally speaking, ten year leases with option of renewals at a revised rental, should be sufficient unless very extensive plant is to be erected by the tenant."

Par. 219

"By far the largest item of traffic through the port is the import of coal. The "Levis side" traffic contributed practically nothing to the revenue of the port, and in any future re-arrangement of charges, it should bear a fair portion of the general charges of the port. The present arrangements for the handling of coal over the Commissioners' wharves have been the subject of criticism. They are wholly in private hands. I do not consider that this need be unsatisfactory, provided the port authority has adequate control over the tariff and operation, so as to secure reasonable service for all users."

BY THE CHAIRMAN - And is that authority granted to them?

A. Yes, Sir.

MR. STOBO continues brief.

We find it difficult to understand why any Company should be criticized for providing modern facilities for handling, preparing and delivering clean, dry coal. We recall that in the MacGregor Report praise was given to the Company which had the courage and foresight to provide such excellent facilities. Any competitor with adequate courage and resources might have in the past, and can now, provide itself with similar equipment.

As to the enormous profits which they allege have been made, we would point out that any figures in the Tory report refer to Montreal and Quebec operations combined and do not apply to the handling of coal only, and, in any case, are not subject to criticism, provided the discharging rates are reasonable, which

has so been proved. In this connection, Judge Laliberte' comments as follows:

> "Besides, I would not be disposed to condemn the Accused when I am in doubt (and they are entitled to the benefit of the doubt) and it is extremely doubtful whether the Crown is justified in including in the coal profits of the Canadian Import Company the profits made by the St. Lawrence Stevedoring Company, though it is under the ownership of the same shareholders. The Company that does the stevedoring operations is a distinct corporation and it does this work at the usual prevailing prices in Montreal. It was incorporated long prior to 1929 and I am unable to say that it was formed for the purpose of unduly dividing or concealing the profits arising out of the Welsh coal trade."

BY MR. STOBO - I may say here that the bulk of that report dealt with the Montreal situation, rather than Quebec.

MR. STOBO continues brief.

Wharf Situation.

Here again, we should not be criticized. We have been tenants of the Harbour Commission for over fifty years. The wharves now occupied by us were leased many years ago. A public space was provided years ago, but not one ton of Dealer coal was ever discharged upon it. We quote extract from Judge Laliberte's judgment in this connection which is quite clear and precise:

> "This line of argument also applies to the acquisities or rather rental of dock facilities at Quebec. Moreover, these facilities were acquired by the Company at a time when nobody else had applied for them, when there was no competition, and when the Company really required them for its expanding business."

We might also say that the Harbour Authorities are the proper ones to deal with this matter and are fully alive as to whether or not the necessity exists in regard to providing additional wharf space.

We are doubtful if at any time the firm of E. J. Chartier & Company Reg'd. ever made application for wharf space, but we do know that at one time Patrick Gingras applied for space and was accorded same.

Before leaving the discussion of the wharf question, we should like to explain that two spaces are under lease, one to the Dominion Coal Company and the other to the Nova Scotia Steel

& Coal Company. In normal times, all of this space is required by the Dominion Coal Company to handle and store coal sold to the various Railways, Pulp & Paper Companies and other large industrial consumers, it being necessary sometimes for the Canadian Import Company to store some of this coal on spaces under lease to them. It is upon these spaces that the St. Lawrence Stevedoring Company discharge Sydney coal for delivery and for storage for account of the Dominion Coal Company.

BY THE CHAIRMAN - Have you no more dock facilities now, or no more dock space in Quebec Harbour now than you had when you first acquired the right to operate there?

A. Going back how many years?

Q. You go back 50 years.

A. The dockswe had 50 years ago are all out of course.

Q. I am talking of space on the water front?

A. Well 50 years ago the bulk of coal came here in small cargoes, that is covered in the Montreal brief I presented, and it was only when the larger vessels required increased dispatch in discharging that these facilities were added. I think in the last 50 years we have had seven different plants, as one became obsolete it was discarded and another one built.

Q. And did you keep leases on the space that this wharf occupied on the Harbour front?

A. Those disappeared years ago. At that time we had the break-water where it is now passenger. We landed vessels all down there.

Q. And you have no control over that now?

A. No, not for 35 years perhaps. We have been located where we are at present since about 1898.

Q. Do you build your own docks there? I am not talking of equipment.

A. No, the docks are built by the Harbour Commission, they own them and we lease them.

Q. Is there sufficient space in the deep water frontage of Quebec Harbour for other coal docks to be constructed?

A. In my opinion, yes.

Q. I am talking of present conditions, deep water?

A. Yes. I can show you one during this war that we were given if we needed it. Fortunately we didn't need it. There was equipment built there but never used. It was for loading cars on the vessels and sending down the river by reason of the submarine menace.

Q. Is that used now?

A. For lumber. The equipment is still there, Sir.

BY MR. FRAWLEY - I might refer you to pages 108 and 109 of the Tory Report. I think that is all that is said by Dr. Tory on the harbour facilities and the equipment provided by the Harbour Commission at Quebec. I think probably I will read those three paragraphs into the record later, not now, so that you will have it handy. It does say both Canadian Import and Lane & Robitaille own their discharging equipment. While the Harbour Commission has three moveable cranes, it is known that they are uneconomical for this purpose. But I don't think he ever recommends that the Harbour Commission replace that.

BY MR. FRAWLEY TO MR. STOBO - Your equipment is mobile and goes from your dock to the Dosco docks?

A. Yes, and even down to the public docks, which will be referred to later.

MR. STOBO continues brief.

During the war years, a considerable portion of the space leased to the Canadian Import Company was required for war purposes, this we agreed to, causing considerable expense to us due to the necessity of storing coal in rear areas, fortunately however, the scarcity of water tonnage mitigated considerably the temporary loss of this space. We might mention that the space in question has recently been restored to us, it being no longer required by the Department of Munitions and Supply.

Mention is made of the non use of the Lane & Robitaille Dock for several years past, and the removal of their

discharging equipment. This again is entirely due to war conditions and the impossibility of securing water tonnage. The equipment was removed, being urgently required for war work. As soon as conditions permit, we have no doubt other equipment will be installed and coal handling be continued over this Dock.

(B. 2nd interjection)

I would like to clarify in the minds of the Commissioners the facts regarding the map of the Harbour docks which was filed yesterday. In referring to the Canada Steamships Lines wharf, the inference is that in some mysterious way we are responsible for the closing of this location. The facts are that the Canada Steamship Lines erected a shed on this property for the handling and storing of general merchandise. The crane thereon was brought up for sale, was purchased by ourselves and for some years has been engaged in war work.

We presume the signers of the Gingras-Chartier Brief do not know that the Madden wharf referred to, which it is inferred that in the same mysterious way we are responsible, that this wharf was condemned by the Harbour Authorities ten or twelve years ago, the Madden lease cancelled, the wharf afterwards repaired and freight sheds erected thereon. We, ourselves, had a small bunkering plant on the same dock, our lease being cancelled at the same time. The signers of the Gingras-Chartier Brief cannot be well informed as to the general wharf conditions, or else this Commission is not being given the real facts.

RE "PUBLIC WHARF - - WHARF SPACE"

The Gingras-Chartier Brief alludes frequently to the inability of the co-signers to obtain wharf space, that the Canadian Import Company controls "the waterfront" - as enlightenment, Mr. Frawley informed them of a well known fact, i.e. that Mr. Giroux, a local coal merchant, enjoys a lease covering wharf space in the Inner Louise Basin, they seemed surprised; the date, (October 5th, 1945) of Mr. Giroux's lease with the National Harbours Board seemed to infer a sinister act in their minds.

BY THE CHAIRMAN - Let me say now, there was nothing in their brief to indicate that, that the Giroux lease was given for some wrong purpose.

A. No, but in their cross-examination of Mr. Gingras I think there was an inference made in reference to that.

BY MR. DROUIN - There was no reference in our brief in reference to that.

MR. STOBO (continues reading)

Before outlining briefly the facts pertaining to this matter, we might say that all other allegations contained in the Gingras-Chartier brief can be similarly treated to dissolve any insidious thoughts that their brief might have conveyed to the Commissioners, those in attendance at these hearings, the press and/or the public in general. We fully appreciate that your time is too valuable to treat with each of their belittling allegations - after all, this is a Royal Commission to endeavor to bring about a National Fuel Policy for the Dominion of Canada. The following example, we believe will suffice:-

Their demand for a wharf space is an old cry - it was never founded on facts but the natural line of arguments of the "have-nots" is that they must usurp the acquired rights of the "halves".

In 1937, the Canadian Import Company, in a spirit of co-operation, released a 200 foot frontage of their own wharf in the Inner Louise Basin to The National Harbours Board who developed and added adjacent to it another 200 feet frontage - making in all approximately 400 feet of wharf frontage having an area capable of handling over 15,000 tons of coal. (That means at one time, not over a year). The National Harbours Board publicly advertised this wharf space in the French and English newspapers of Quebec City in March of 1937; it was, therefore, within reach of any coal importer, merchant, etc., under conditions specified in an exhibit already placed before this Commission. Further, the St. Lawrence Stevedoring - "that 167% profit company discharging coal at 15 cents per ton according to Mr. Gingras - as

per letter dated March 16th/37, to the N.H.B. offered the entire services of their discharging facilities at rates and conditions unsurpassed in the annals of the stevedoring business. This letter forms a part of the Exhibit referred to above.

BY THE CHAIRMAN - What is the Exhibit number?

BY MR. FRAWLEY - It is the exhibit, being regulations, which were attached to Mr. Drouin's brief, but the letter of the 16th of March, 1937, was not attached to Mr. Drouin's copy, although it is referred to in the body of the regulations itself. I showed it to Mr. Drouin yesterday, because I obtained a copy in the Harbour Board office in Ottawa.

MR. STOBO continues reading.

From March 1937 to July 1939, no company nor individual made any use of same. This was definitely a losing proposition for the N.B.H.; they and the C.I. Co. had made the generous gesture in response to what was believed to have been a "crying need".

Therefore, in July 1939 - going into the third season of navigation when coal, both anthracite and bituminous, was freely available to all, and not subject to wartime restrictions because of no use being made of this wharf space, the N.B.H. returned to the C.I. Co. their original 200 feet of wharf frontage and offered once again to the Public by advertisement in the French and English newspapers of Quebec City their own newly developed 200 feet frontage.

BY THE CHAIRMAN - Is that the same frontage?

A. It is the same public space.

MR. STOBO continues reading.

It should be recorded that in this instance the N.B.H. at considerable cost laid the foundation and have maintained same in order that our "fast" discharging equipment could be operated on area for the benefit of the "Public wharf" owners.

BY THE CHAIRMAN - They offered to lease this wharf which was equipped for handling coal?

A. Before it could be used they would have to spend fifteen or twenty thousand to build these foundations in order that our mobile plant could move down and discharge the coal.

BY MR? FRAWLEY - Did your equipment not go to that public dock?

A. Up to 1937 it could not because of no foundations.

Q. Then when they prepared it for a public coal dock?

A. They spent the necessary money to provide the foundations to allow our equipment to go to that dock.

Q. And after these regulations were promulgated on June 25th, 1937, it was in shape for your equipment to go there and discharge?

A. That is right.

MR. STOBO continues reading

The two co-signers of the Gingras-Chartier Brief, notwithstanding, having been in the coal business in Quebec City for at least twenty years, neither jointly nor separately made serious representation, but another coal merchant, Mr. Giroux - who, for record purposes, has no affilications whatsoever with the C.I. Co., acquired same, immediately discharged coal on this area in 1939 and remained in possession of same until, with the outbreak of war, the Department of Munitions and Supply acquired it, as well as a considerable section of our own wharf for the construction and development of a Shipbuilding Plant. At the close of hostilities the War Assets disposed of this building and equipment, the area was eventually cleared in September of this year and Mr. Giroux regained, at the beginning of October, his original wharf space.

BY THE CHAIRMAN - And what equipment did you have there previously?

A. No equipment.

Q. But you had the place leased?

A. No, we didn't have that space leased.

Q. You had a lease of a certain property down there, and in co-operation with the Harbour Board you returned that?

A. A portion of it. We had 600 feet and offered to give up 200.

Q. And this is the 200?

A. No, it was 200 feet that was not equipped with the foundations. Our 200 feet was equipped, so the Harbour Board put in the foundations to equip the balance of the space, which is now called the Public space. They simply put the foundations down.

Q. And they advertised this for lease?

A. Yes.

Q. Did they mention the price in the advertisement, the annual rental?

A. I couldn't say that. I think they called for tenders, Sir.

Q. For tenders?

A. Yes, I think that is right.

BY MR. STOBO - Of course it indicates that Mr. Giroux had this property before and gave it up for war purposes.

MR. STOBO continues reading.

With those logical facts set down in chronological order, gentlemen, it is evident that the Gingras-Chartier contentions are, therefore, without foundation. So obvious is this and the other situations referred to in their brief that we feel it is quite unnecessary to discuss in detail each of their other incoherent arguments.

MR. STOBO continues original brief

RETAIL TRADE

Criticism is made of the Canadian Import Company engaging in the retail as well as the wholesale. We know of no law against so operating. It must be remembered that for over fifty years we have been engaged in the retail trade, and see no reason why we should abandon customers of many years standing. It was due to changing trade conditions that our facilities were made available without exception to all retain dealers in Quebec. Would the signers of the Gingras-Chartier brief prefer that we limit our activities to the retail trade only? We think not, and we are sure that a great majority of the retail coal dealers in Quebec would not be in favor of such a suggestion. In any case

we resent the manner in which the signers of the Gingras-Chartier brief are proposing to arrange the conduct of our business no doubt with the thought in mind that some major benefit might accrue to themselves. We are under the impression that E. J. Chartier & Co. have several small retail dealers who take their requirements from their yard.

We deny the statement that special prices are given to various dealers to the detriment of the signers of the Gingras-Chartier brief.

The evidence submitted in previous Coal Enquiries shows that practically every importer or wholesale coal company in Canada is also in the retail business, either directly or through subsidiary or associated companies. This is long-established practice. Neither the Canadian Import Co. Ltd., nor any other wholesale company would, however, be able to continue in business as wholesalers unless they treated other retailers as they treated their own subsidiaries or associates. As far as Canadian Import Company Ltd. is concerned, the evidence is clear that they treat other retailers who purchase from them in exactly the same way as their own retail subsidiaries.

BY THE CHAIRMAN - What evidence are you talking about there?

A. I was really quoting there from I think one of the previous Enquiries, Sir. In any previous Enquiry nothing was proven.

Q. This is not a quotation.

A. I think probably it should have been.

Q. No, I don't think.

A. No, it does not read that way.

Q. You say the evidence is clear, and I am asking you what evidence?

A. I refer to the evidence given in the previous Enquiries.

MR. STOBO continues Brief

This brings us to what we consider the far most serious charge contained in the brief, i.e. the mixing of coal. We will not discuss here as to whether these statements are libellous or not, leaving that for later consideration by our legal

advisers.

BY THE CHAIRMAN - Is that a threat against the Commission or against Mr. Gingras?

A. It is not a threat of any kind. We consider these statements in a very serious light.

Q. But there is no necessity of talking about libel to impress the Court.

A. No.

Q. Is it throwing a scare?

A. I don't think they consider them libellous. These statements are going before the public.

Q. But the fact that you are saying they are libellous..

A. I didn't say that. I said we would leave it to our legal advisers. Would you prefer that would be deleted?

BY THE CHAIRMAN - No.

BY MR. DROUIN - What is there, remains there, I think.

MR. STOBO continues brief.

The statements in this connection are evidently based on a surreptitious visit to our Dock made on a holiday, November first, All Saints Day, on which day the dock was idle. Had they so requested we would have been glad to have conducted them personally, and given them any required information on questions upon which we are sure they have no personal knowledge nor experience.

They know or should know that during the war years and also at present it has been most difficult to obtain any class of coal. The Fuel Control have continually urged the public to take whatever class of coal was available even though it might not be up to the usual quality. Large consumers have been obliged to use stripping and other coal of a similar nature. They should know that under existing conditions it is often the case that deep mine coal when available is often less costly than poorer surface coal. We are glad, however, to say that at Quebec we have been very fortunate in that practically all

our bituminous coal has come from districts where good quality is mined. The signers of the Gingras-Chartier brief could not be supposed to know that on our wharf throughout the season, has been stored stripping and other similar coal, the property of and for delivery to various large industrial users, hence we presume it is this coal to which they refer. They would not know that there is also stored on our docks coal belonging to the British Ministry of Shipping, which might be the coal to which they refer. In other words, we do not think they are conversant with the real facts. We state emphatically that no anthracite screenings have been mixed with coal delivered to dealers or to the general public, as such. We believe that the signers of the Gingras-Chartier brief do not know of the campaign conducted last year by the American Anthracite producers to induce the Canadian industrial consumers to take a tonnage of anthracite Barley coal to be mixed with bituminous coal, nor do they know that the various railways and some industrial concerns made extensive experiments, using a considerable tonnage with more or less success. The higher cost of the Barley coal as compared with the bituminous preventing the extensive use of same.

As regards Anthracite screenings, no one knows better than E. J. Chartier & Co. Reg'd. why no great tonnage of screenings have been available for some time. As already stated, practically no tonnage of American anthracite coal has been received by water. Car shipments by rail due to less handling contains very little, if any, Anthracite screenings, thus accounting for the lack of same.

(Now we go on to "C" in the interjections).

When preparing the preceding paragraph, re: the mixing of coal on our dock, we were under the impression that the signers of the Gingras-Chartier Brief referred only to conditions as they now exist. From Mr. Gingras' evidence, however, he states that this has been going on for years. If he refers to the mixing or preparation of a special grade of coal containing about 50% of bituminous slack and 50% of Welsh or American screenings, his

statements are quite correct, as up to recently this was standard practice on our dock, a certain mumber of apartment buildings taking this class of coal on account of its producing less smoke and also of its lower cost. If Mr. Gingras would refer to his own books, he would see that he himself, from time to time, has marketed this class of coal. In the year 1935/36 he took delivery of 200 tons. Of course, we do not know under what name or at what price this coal was disposed of by him.

BY THE CHAIRMAN - The charge is not altogether the mixing of the coals, but it is selling them at the same price.

A. I say here we certainly mixed coal and sold it at one time. When Welsh coal screenings were available we sold a very large tonnage, probably two-thirds Welsh and one-third bituminous slack.

Q. At the same price?

A. No, at a special price, a lower price.

Q. You are not saying that.

A. On account of its lower cost, I say, and producing less smoke. It is for apartment houses.

MR. STOBO continues reading.

As regards inferior grades of bituminous coal, we have a very vivid recollection of Mr. Gingras, some years ago, receiving a number of cars of coal from some Nova Scotia, New Brunswick or Cape Breton mines, the quality of which was poor, spontaneous combustion eventually declaring itself in the pile, and finally the coal being delivered by Mr. Gingras to his customers. If Mr. Gingras had not been satisfied over the years, his evidence of yesterday was the first intimation we have had from him to this effect. Our Company has consistently endeavored not only with Mr. Gingras, but with every other dealer, to see that the bituminous coal taken delivery of was in every way suitable for their firing equipment.

This is a course any responsible fuel dealer would follow.

In closing this paragraph, we are tempted to quote the inscription on a well-known coat of arms:

"HONNI SOIT QUI MAL Y PENSE"

BY THE CHAIRMAN - Which means if you are not good yourself..

A. You should not think evil of others.

Q. You should not charge anybody else with being good?

A. Something like that.

MR. STOBO continues brief

There is not, nor has there been, any discrimination in the matter of delivery to various dealers. By reason of coal being received from various districts, we have tried, as far as possible, to make sure that coal required for winter storage be as dry as possible, and if there was any apparently better quality coal, it was reserved for this purpose. (We are talking now of war conditions). Coal about which we are not so sure of its storing qualities being used for immediate consumption, and the dealers are so advised. This brings us to the question of "Consumer" coal delivered in accordance with the Coal Controller's regulations. In reply to this we would state that the delivery of Class "C" fuel, principally reclaimed coke, is in accordance with existing regulations. Our delivery bins are so arranged that it is possible to deliver within a few pounds five hundred (500), one thousand (1,000), fifteen hundred (1,500) or two thousand (2,000) pounds of this class of fuel without the necessity of making two trips to the scale, thus avoiding congestion and great loss of time. We might say here that this system was inspected during the Summer by the head of the Regional Fuel Control, General Panet, and he was satisfied with same. The City Fuel Inspector is also fully conversant with the manner in which deliveries are made from our dock. As far as we are aware, all the regulations of the Fuel Controller as to the mixing of Class "C" fuel are being rigidly adhered to.

QUOTAS:

This is a matter under the direct jurisdiction of the Fuel Controller. Any dealer who feels that he is not receiving his quota can have same promptly rectified, if justified, by appealing to that office. As detailed monthly reports are submitted to the

Fuel Controller by the wholesalers, all details in this connection are checked and are on file at the office of the Fuel Controller, hence it should not be necessary to take up the time of your Commission on this item.

If Patrick Gingras had not received the quota of American anthracite which he claims was or is due him, the only reason is the lack of orders or of his inability to finance same.

As to E. J. Chartier & Co. Reg'd., not only have they received their full quota of American Domestic Anthracite and Buckwheat, as stipulated by Fuel Control, but by reason of an error on our part as to the base period, they have received considerably more Buckwheat than to which they were entitled. In any case, as already stated, this is a matter which is directly under the Fuel Control, to whom not only the wholesaler, but the retailer is directly responsible.

The next item we think is the remarks regarding the recent opening of a Taring scale, which is designed to speed up deliveries and not retard same. The suggestion made that the object is to retard deliveries, shows how ignorant the signers of the Gingras-Chartier brief are of the facts and to what lengths they are willing to go in their attempt to blacken us in the eyes of the Public. Enquiry of any coal cartage contractor will show how much this innovation is appreciated and to what extent deliveries have been speeded up. This brings us to the conclusions summed up in the last pages of the Gingras-Chartier brief, which are simply a repetition of what is contained in the preceeding pages and which have been covered in our preceeding remarks. There is only one recommendation made which we think deserves special attention. This is on page 43 and we quote same:-

> "The undersigned are the only ones at the present time who are endeavoring to obtain wharves, we have credible information to the effect that the other merchants do not seem to be interested to have these wharves for themselves, or at least they are not making efforts to that end. These should be allotted to the undersigned, Syndicat National du Combustible Inc. (National Fuel Syndicate Inc.) and E. J. Chartier Registered, the wharves that we are asking for together with the same unloading and loading facilities as the Webster group.

"We should at the same time be named agents for the Dominion Coal Company with the same privilege as the Canadian Import Co. In this way the monopoly would be broken, there would be freedom of trade, the same advantages could be given later on to those who request them and who are able of fulfilling their obligations."

BY MR. STOBO - One has dropped out.

BY MR. FRAWLEY - Yes, that was amended.

BY MR. STOBO - I will take care of that.

MR. STOBO continues brief.

From this we see that the signers of the Gingras-Chartier brief are not so wholeheartedly concerned regarding the welfare of all the Quebec dealers as is inferred in the early part of their brief, but in the above paragraph they "let the cat out of the bag" and come out quite naively and demand that all these benefits be solely for their own profit, free and without cost.

This paragraph frankly admits that none of the other merchants seem interested in acquiring wharf space, so one must infer that they must be satisfied with existing conditions in that respect and that the only two dissatisfied ones are P. Gingras and E. J. Chartier Reg. It may also be inferred that conditions as they now exist are unsatisfactory, but that with the same conditions in the hands of Pat. Gingras and E. J. Chartier Reg. everything would be satisfactory and everyone would be happy. We leave the Commission to draw their own conclusions.

BY THE CHAIRMAN - That is why, when you say all the other coal dealers are satisfied, I am telling you in confidence that we were asked for subpoenaes for other coal dealers in the city, which I presume had some bearing on this thing, to show whether they were satisfied or not.

A. But the brief says these are the only two concerns that seem to be interested.

Q. They say they are concerned and wanting to get a wharf here with the same facilities as your's, whether that is reasonable or not. But that does not say there are not other coal dealers in the City of Quebec who are not quite satisfied with present conditions. For instance that inference could be taken.

A. Well you draw your own conclusions.

MR. STOBO continues reading.

Regarding the above demands, we are recalled to remembrance a little bird called the "CUCKOO". If the signers of the Gingras-Chartier Brief do not know the characteristics of this bird, we would refer them to Webster's unabridged dictionary, which is not controlled by the Webster Group.

We are glad that E. J. Chartier & Co. Reg'd. has seen fit to dissociate themselves from the clause in the Gingras-Chartier Brief concerning wharves and the Dominion Coal Company. We could have hoped that they would have also dissociated themselves from the statements regarding the mixing of inferior coals, as we feel that they could not possibly have any personal knowledge of the statements made in this connection.

BY THE CHAIRMAN - That remains to be seen.

A. Well of course we are on the job and some of these things are obvious to us.

MR. STOBO continues brief

There are 42 concerns in the City of Quebec and six in the outlying District to whom War Time Price & Trade Board licenses to sell coal and wood have been issued. It might be of interest to the Commission to have a classification of same. In the City of Quebec 21 are principally engaged in the coal business whilst 17 sell coal as a side line to wood, etc.; 6 operate in the outlying areas such as Loretteville, Giffard, etc. Of the 21 with the exception of J. L. Belanger & Fils and Quebec Power, all purchase in whole or in part from the central dock.

The following might be classed regular dealers, that is coal being the largest part of their business.

E. P. Berube	Takes coal from central dock
Canadian Import Co.	ditto
Madden & Son	ditto
Quebec Coal Co.	ditto
Lane & Robitaille	ditto
E.J.Chartier & Co. Reg.	Operate own yard with rail connection.
L. E. Caron Ltee.	Operated by Chartier
Celestin Cote	Takes coal from central dock
Geo. Couillard Enr.	ditto
Quebec Power Co. (Coke Division)	Manufacture and sell coke only
A. Dupuis	Takes coal from central dock

Patrick Gingras	Takes coal from central dock
Syndicat National du Combustible	ditto
Citadel Coal & Oil. Co.	ditto
Alfred Giroux	ditto
Lachance & Frere	Have own dock & railway siding
F. Nolin & Fils	Takes coal from central dock
Saillant & Fils Enr.	ditto
Charbonnerie de Quebec Enr.	ditto
J. L. Belanger & Fils	Import direct
A. Royer	Takes coal from central dock

The following have interests outside coal business:-

Maurice Blouin	Small Dealer
L. A. Cantin	Unknown to us, probably wood
J. U. Dore	ditto
Rosaire Dumas	Trucker
Armand Falardeau	Grain Dealer
N. H. Gilbert & Co.	Non active
Grank Glode	do
Sylvio Groleau	Small dealer & trucker
P. Harrahan	Non active
J. A. Latulippe	Wood dealer
J. E. Lemieux Enr.	Hardware
G. S. Marceau Enr.	Small dealer
Superior Agencies	Non active
Terreau & Racine	Foundry men
Charles Trudel	Trucker
Leonidas Verreault	Trucker
E. Beaulieu & Fils	Small dealer

Only 3 of the above purchase their coal from the Canadian Import Company.

Quebec District

A. Bains	Small dealer
Jos. Drouin	do
P. E. Blondeau	do
L. Robitaille	do
O. Gignac & Fils	do
Chas. Mathieu	do

With the exception of Gignac & Fils, all these take the whole of their coal from the central dock.

- - - - - - -

The only item now to be discussed is one that we would much rather leave buried, but which, under the circumstances, and by reason of the nature of the charges made in the Gingras-Chartier Brief, make it necessary to bring to the attention of the Commission the facts which in our opinion are responsible for the presentation of the joint brief submitted. We are of the opinion that had we acceded to certain demands made by Mr. Gingras, he would not have considered it necessary to appear before this Commission, in which case I have no doubt that Chartier & Co. Reg'd. would not have acted alone, inasmuch as Mr. Duhamel stated openly at a meeting of the Retail Merchants' Association (Fuel Section) that he was satisfied with existing

conditions, except insofar as the rationing and quotas of coal were concerned, and hence, at that time, could not have had it in his mind to submit the type of brief to which he has been a party.

BY MR. FRAWLEY - What is the date of the meeting you refer to?

A. It was about 10 days, or about a week prior to when the Commission met in Montreal.

Q. About the middle of August?

A. Yes, about the middle of August, I would say. I think it appears in their brief.

MR. STOBO continues brief

We might say here that we have suffered heavy financial loss in our dealings with P. Gingras and for some years have not extended to him the credit which he would like to have. In addition, he made claims on us for imaginary losses which left us no recourse but to take legal action to protect our interests. This matter was finally settled out of court when Mr. Gingras confessed judgment for a substantial amount, also stating that he had no claim against us for himself or his affiliated Companies for the past, present or future.

Mr. Gingras, however, continued to make claims upon us, stating he was entitled to have from some source, the same profit in his coal business, whether he sold the tonnage necessary to provide such a profit. This, he claims, we should pay him.

BY THE CHAIRMAN - Are these legal matters now an attack on the reputation or integrity of this gentleman?

A. It is placing the facts before the Commission.

Q. What facts?

A. The facts which have led up to this brief.

Q. You are suggesting that these are the things that have led up to the brief?

A. Yes.

Q. And have to do with some dealings you had. Whether this gentleman here was honest with you before or not in his dealings

with you, or whether he made demands upon you that were not legitimate in the past, or anything of that kind, or even if he did you out of money, I would give him - if he were a murderer, so far as I am concerned in this Commission, I would give his brief exactly the same attention and consideration in a matter of this kind, as I would to a man of reputable character. Unless you can show us that he made some threat against you at some time or another to hamper or embarrass you, I think it is rather beside the question to bring up the matter here. However, you can go ahead.

A. It is very distasteful for me to have to say such things.

Q. Then you will have this gentleman coming in and saying that you gentlemen made your settlement with him providing he remained a good boy and didn't bother you too much.

A. Probably.

Q. If you were not afraid of this man, that he knew something about your company. I might take that inference. However, go ahead.

A. I prefer really not to read this.

Q. You have the right to read it.

A. If you feel that it is foreign to the question, then I am quite willing to leave it out.

Q. I am saying that I don't think it would influence me one way or the other, unless you have something to indicate that this man has made threats to make trouble for you.

A. I think we can present documentary proof to that effect, if you so wish.

Q. I am not wishing it.

BY MR. TASCHEREAU - We believe we have documents. I can submit them to your Lordship during the recess.

BY THE CHAIRMAN - No, I am not anxious about them. This is not a criminal case. Usually it does not add very much to a complaint of this kind to show that the person who is making the complaint is even a person of bad moral character.

BY MR. STOBO - In that case I think we can delete it.

BY THE CHAIRMAN - This gentleman, so far as I recollect, has made no personal charges against any member of your company, or anything of that kind.

A. Except in this way. He makes against the company a certain local practice, and then it comes directly to my door because I am responsible.

Q. Then is it a good answer for you to say friend you have done likewise?

A. I would like to ask my counsel about that.

BY MR. TASCHEREAU - Do you intend adjourning very soon?

BY THE CHAIRMAN - Yes, we intend adjourning now.

12:35 P.M. HEARING ADJOURNED UNTIL 2:00 P.M.

2:00 o'clock P.M. HEARING RE-CONVENED

MR. W. Q. STOBO takes the stand.

BY COMMISSIONER MORRISON - You are at page 21 of the brief.

BY MR. STOBO - At this point we have conferred with counsel and decided in the meantime to ask you to delete on page 21 the paragraph starting with the words "This, he claims" in the second line from the bottom, and to delete the whole of page 22, and the first paragraph on page 23.

Q. Then you start with "Just before closing this Brief"?

A. Yes.

MR. STOBO continues brief.

Just before closing this Brief, we would like to place on record our appreciation of the very efficient and satisfactory manner in which the officials of Coal Control are carrying out a very difficult task. Also we would like to express our thanks to the Quebec consumers in general, who have accepted almost without complaint the regulations governing the grading and delivery of household coal during these difficult years.

In conclusion, we regret that our brief is more or less disconnected by reason of the limited time at our disposal for its preparation, and that so much of the valuable time of this

Commission has been occupied in the presentation of same. We hope, however, that the information contained therein may be of some value towards a clearer understanding of the coal situation in Quebec City.

Respectfully submitted,

THE CANADIAN IMPORT COMPANY LIMITED.

Per (Sgd) W. Q. Stobo

Vice-President.

MR. W. Q. STOBO (Sworn) EXAMINED BY MR. DROUIN

Q. Mr. Stobo, you are the General Manager of the Canadian Import Company?

A. Yes sir.

Q. And besides that you are the Vice President?

A. Yes sir.

Q. What are your functions in the St. Lawrence Stevedoring Co.?

A. I am the President.

Q. And there is another company, the British Coal Corporation, are you an officer of that?

A. I am a Director of the British Coal Corporation.

Q. Who is the President of the British Coal Corporation?

A. I think Colim W. Webster, or Mr. Harry Aird, I am not sure.

Q. And who is the President of Canadian Import?

A. Colin W. Webster.

Q. Now Mr. Stobo, what are the financial relations with Maddin & Company and your Company, the Canadian Import?

A. We own the stock of the Maddin Company, Maddin & Son Ltd.

Q. Now as regards the Quebec Coal Company, are you owning the stock too?

A. Yes sir.

Q. As regards Lane & Robitaille?

A. Not 100%.

Q. What proportion?

A. I couldn't say. There are some shares outstanding in England.

Q. I want to know if you got the majority of the shares?

A. Yes, we have the majority.

Q. And now what are the dealings with the British Coal Corporation? You are in the wholesale and retail business as Canadian Import?

A. Yes.

Q. And in the unloading or loading business with the St. Lawrence Stevedoring Company?

A. Yes.

Q. What is the function of the British Coal Corporation?

A. It has no connection with Quebec whatever. It is a Montreal firm and functions in Montreal, and it has never functioned in Quebec.

Q. You mean it has never operated here?

A. Our purchases of Wales coal are different than in Montreal. We deal direct with Amalgamated Collieries, and in Montreal they deal through British Coal.

Q. At the present moment are you under contract with the Amalgamated Collieries?

A. I would say Yes, although we have had practically no coal since the war started.

Q. But you are under a certain contract?

A. It may be a continuing contract. The old contract is still there but whether it is subject to renewal or not I could not say off-hand, but we can get the information if the Commission wishes. We hope we are.

Q. Are you supposed to have dealings with Amalgamated Collieries in the name of British Coal or Canadian Import?

A. British Coal.

Q. And British Coal is acting as some kind of agency between Canadian Import and Amalgamated Collieries?

A. No, they have a direct connection with Amalgamated Collieries, and in turn the British Coal sell their coal to Canadian Import Company, and to many other people too; not only Canadian Import.

Q. Like the Weaver Company in Montreal?

A. Yes, and many other people.

Q. Are you under a contract with the Pasco?

A. No sir, not to my knowledge. We get coal from them, but when you say under contract today, I could not say. We have a buying arrangement for some of our coal from Pasco.

Q. Have you any other agreement or arrangement with other collieries in the United Kingdom?

A. I don't think so. We are bound to buy our coal from Amalgamated Collieries.

Q. When you say you are bound to buy your coal from Amalgamated Collieries, if I understand well, and you will correct me if it is not according to true, you are the exclusive agent of the Amalgamated Collieries here in this country?

A. No.

Q. Will you correct me?

A. There are certain other agencies in Halifax and other places where they deal direct, but if you speak of Montreal and Quebec, I say Yes.

Q. Through British Coal?

A. Yes.

BY THE CHAIRMAN - And when you say British Coal, you mean the British Coal Corporation?

A. Yes.

EXM. BY MR. DROUIN (continued)

Q. So to make the matter clear Mr. Stobo, if there was coal at the moment, there is no coal that can come from the Amalgamated Collieries in the Province of Quebec, or Montreal and Quebec, without passing through the agency of the British Coal Corporation?

A. I would not like to swear to that, because there are certain other concerns get coal. There are ships come out here with coal for different people, in the same ship. I could not say if Lane & Robitaille get any, but I say some go to direct customers of the Amalgamated.

BY COMMISSIONER MORRISON - If that coal was made available to other importers in the area defined by Mr. Drouin without going through British Coal Corporation, British Coal Corporation would

still get a commission on that coal?

A. I would think so. I have not looked at that contract for five years, we don't keep that, it is in Montreal, so don't ask me for details without refreshing my memory.

Q. It is not a question so much for the moment by a witness, as to the one who presented the brief I am putting this question.

A. We only wish we could examine our contract in detail.

Q. For the moment I want to know along general lines.

A. Along general lines what you said is correct.

Q. Now Mr. Stobo, here in Quebec, as you told us, you are the proprietors of Maddin & Son, Century Coal?

A. Not Century Coal.

Q. Quebec Coal?

A. Yes.

Q. And own the majority of shares in Lane & Robitaille?

A. Yes.

Q. And the St. Lawrence Stevedoring of course is your own property?

A. It is a subsidiary of the Canadian Import Company.

Q. This morning you related in your brief, and I think in an answer also, that you are here on the wharf since at least fifty years?

A. That is right, over 50 years. Fifty years to my knowledge.

Q. Is it the case of the St. Lawrence Stevedoring also?

A. No.

Q. It has been formed after?

A. No necessity to form it in the early days. It was formed when necessary to have permanent location for machinery. Prior to that it was done by donkey engines at every little outside dock. Antiquated means.

Q. And as regards those docks, you answered this morning that the improvements on those docks were made by the National Harbour Commission?

A. Yes, called the Quebec Harbour Commission at that time.

Q. What are your relations at the present moment with Nolin &

Fils, the Manager of whose company was here this morning as a witness?

A. If you will explain what you mean by relations.

Q. What kind of commercial relations with him?

A. The same as any other dealer, he buys his coal from us and pays for it.

Q. He does practically your exclusive cartage?

A. I would not say that. A lot of our coal is carted by purchasers themselves. I am not speaking of dealers, but of individual consumers who send their own trucks and get their own coal, and I think probably that is what Mr. Nolin was referring to this morning; but to a large extent he does our cartage.

Q. And he is at your disposal to do your cartage?

A. We have a contract with him.

Q. And he is obliged?

A. We think he is.

Q. Have you the contract at the moment?

A. No, I have not.

Q. Now regarding that space you have in the Basin, fifty years ago you had only a small space?

A. I would not say that.

Q. Had you exactly the space you have at the moment?

A. We didn't require it. At that time the importation to Quebec here was very small. The railways brought coal in.

Q. So it was a small space?

A. Not as much as we have today.

Q. Referring to the map that is accompanying our original brief, Exhibit 263, I see the Dominion Coal wharf, Nova Scotia Steel & Coal Co. wharf, Canadian Import wharf, and the Public wharf.

A. Yes.

Q. In the beginning of the Company what was the part of this wharf that was your's, by your company?

A. None. Some of them didn't exist at the time.

Q. What was the first wharf that you occupied when this part of the Basin was improved and built for the coal trade?

A. About the same location as where we are today.

Q. Had you got at that time the Dominion Coal Company wharf?

A. At that time the Dominion Coal Company wharf was not built; that was after.

Q. And the Dominion Coal Company had an agent here named Maddin & Son - perhaps not at that time?

A. I don't think they had an agent. I know Maddin & Son have bought their coal from the Dominion Coal Company to my knowledge for fifty years.

Q. But at the present moment are they the agent of the Dominion Coal Company?

A. I could not tell you that. I know they buy a certain amount of coal when it is obtainable, but at present there is no Sydney coal available.

BY THE CHAIRMAN - Do you know if at the time we are talking about, whether Maddin & Son were agents of the Dominion Coal Co.?

A. There were two companies here then, the General Mining Association or Nova Scotia Coal & Steel.

Q. Fifty years ago it would be the Nova Scotia Steel & Coal?

A. It was General Mining Association then, and they were represented by Carberry Son & Co. Fifty years ago we did all the discharging of the Dominion Coal Company, by hand labour at that time.

Q. And the Nova Scotia Steel & Coal?

A. No.

Q. When you say we?

A. I am speaking of the Canadian Import.

EXM. BY MR. DROUIN (continued)

Q. You told me your Company was proprietors of Maddin & Son?

A. Yes.

Q. And you must know whether they are an agent of Dominion Coal at present?

A. No, because we take no active part in the running of Maddin & Son; it is done by their own Manager.

Q. You have the shares?

A. Yes, and they function independently.

Q. What are the real relations between your company and that company?

A. We own the shares.

Q. That is all?

A. Yes, and we have a certain oversight of their conduct, but we take no active part in their organization.

BY THE CHAIRMAN - Is it Common shares?

A. Yes.

Q. Which means you have control of the Company?

A. Yes, we freely admit that.

Q. Does control in that sense mean management also?

A. We have a Manager in there who runs the business himself.

BY COMMISSIONER McLAURIN

Q. Your shares control the Board of Directors?

A. Yes.

Q. What is the name of the man who operates the Company.

A. J. G. A. Couture.

EXM. BY MR. DROUIN (continued)

Q. He is the Manager?

A. Yes, and in full control.

Q. And since many years, since you have been proprietors, you have not been curious enough to know if they were not in fact the agents of Dominion Coal?

A. I have always understood we were the agents of Dominion Coal.

Q. I was coming to that. For the moment let us now speak about the Nova Scotia Steel & Coal Co. You agree that it is amalgamated with the Dominion Coal?

A. It is a known fact.

Q. But you are the agents of the Nova Scotia Steel & Coal in Quebec?

A. No, the Nova Scotia Steel & Coal now is, I understand, owned by Dominion Coal. They certainly control it.

BY THE CHAIRMAN - They are in the same position as you are with Maddin & Son, or Lane & Robitaille, but I think it fair to say that the Dominion Steel & Coal own both companies.

BY COMMISSIONER McLAURIN - They have all the common shares of Nova Scotia Coal and Dominion Coal.

BY THE CHAIRMAN - And I think all the contracts are made through that holding company.

BY MR. STOBO - Our only interest is to get the coal and sell it, and make 167%.

BY MR. DROUIN - Are you able to answer the question that was put to you, the question that was put forth?

BY THE CHAIRMAN - I think since 1938 the Nova Scotia Steel & Coal has ceased to be an operating company. The operating officers of that company are appointed by the Dominion Iron & Steel. Then there is a new company, the North Side Collieries, which is the company which is now operating the collieries which were previously operated by the Nova Scotia Steel & Coal.

BY MR. STOBO - I think that is no doubt right, but I don't think it is any factor in this.

BY MR. FRAWLEY - The Nova Scotia Steel and Coal has no independent existence in that area.

A. We have not heard of them for years.

BY THE CHAIRMAN - Since 1938?

A. Long before that.

BY COMMISSIONER MORRISON - Perhaps you can say who your contract is with?

A. Directly with Dominion Coal.

Q. And Canadian Import?

A. Yes.

Q. These sursidiaries do not enter into contracts for the purchase of coal?

A. I think Madden prior to the war bought some coal direct

from Dominion Coal Company, but certainly didn't buy it any cheaper than we did.

EXM. BY MR. DROUIN (continued)

Q. As a matter of fact all those companies, directly or indirectly, the Canadian Import has their agency in Quebec?

A. Now, or fifty years ago?

Q. No, I am not speaking of fifty years ago, just the present time?

A. There is only one company, the Dominion Coal Company.

Q. And it is owning the Nova Scotia Steel & Coal?

A. So far as I know.

BY COMMISSIONER McLaurin - That is not right?

BY MR. STOBO - I don't know.

BY THE CHAIRMAN - They own all the common stock of the Nova Scotia Steel & Coal, which is a holding company.

BY COMMISSIONER McLAURIN - But Dominion Coal does not own it? That is what they said.

BY MR. DROUIN - To sum up Mr. Stobo, I want to know one thing. When you buy your coal, your soft coal from Nova Scotia, your Sydney coal, you buy directly from the Dominion Coal Company?

A. That is right.

BY MR. FRAWLEY - I don't think that is, strictly speaking. They buy from Dominion Steel & Coal Corporation, who are selling agents for both Nova Scotia and Dominion.

BY COMMISSIONER MORRISON - The easiest way would be to have a look at the contract.

BY MR. FRAWLEY - Dated 1935, between Dominion Coal and Canadian Import, and Mr. Stobo told me yesterday it was still the current contract, and it was sent to me by Mr. McLanders as late as July.

BY COMMISSIONER MORRISON - I think Mr. Frawley, when it comes your turn to question you will clear this point up.

EXM. BY MR. DROUIN (continued)

Q. Mr. Stobo, have you any objection to filing whatever contract you have at the present moment regarding your receiving of the

Sydney coal? I want to know exactly with what people.

BY MR. STOBO - Mr. Frawley has just told you he has the contract.

BY MR. FRAWLEY - Dated 5th of March, 1935.

BY MR. STOBO - But whether our competitors should see our private papers?

BY THE CHAIRMAN - It is in our hands.now.

BY COMMISSIONER MORRISON - You are suggesting that you have competitors here?

A. Sure we have.

BY MR. DROUIN - They are very powerful, your competitors in the City of Quebec.

BY MR. TASCHEREAU - Have you a copy of the contract?

A. Not here.

EXM. BY MR. DROUIN (continued)

Q. Will you please file the latest contract you have with them?

A. I will file it.

Q. I want to know what people you have it with.

A. I will tell you if you give me the contract.

BY MR. FRAWLEY - I have in my hand the contract sent to me at my request by Mr. McLanders. Is it proposed that this should be made available to Mr. Drouin for his examination at this point?

BY THE CHAIRMAN - Yes, but not to quote any prices, or anything of that sort.

BY MR. DROUIN - I see right away that your agreement is with Dominion Coal Company directly.

A. That is what I was under the impression.

BY MR. FRAWLEY - But it refers to the Nova Scotia Steel ' Coal.

BY MR. STOBO - "Memorandum of Agreement between Dominion Coal Company Limited, hereinafter called the Vendor, and Canadian Import Company Limited, hereinafter called the Purchaser.

BY THE CHAIRMAN - In 1935 there was no such thing as North Side Collieries.

BY MR. FRAWLEY - But undoubtedly this is the contract under

which Dominion presume to deal with the affairs of Nova Scotia Steel & Coal, whatever may have been the exact legal relations.

BY MR. STOBO - I don't see any reference to Nova Scotia Steel & Coal.

BY MR. DROUIN - Of course this contract you agree will be filed. That is the position of the Board?

BY THE CHAIRMAN - If there is anything in that contract that shows the costs or prices, we will undertake if it is filed -- of course it is filed with the Commission now -- but so far as going on the record is concerned in the transcript, or being marked as an Exhibit, or anything of that sort --

BY MR. DROUIN - I don't insist on the prices, but I want to know if there is a clause to the effect that they are exclusive agents in Quebec of the Dominion Coal Company?

BY MR. FRAWLEY - I think it refers here almost exclusively to Montreal.

BY MR. STOBO - There is a separate one for Quebec.

BY THE CHAIRMAN - Hand it to Mr. Drouin and let him see if what he wants is in there.

BY MR. STOBO - I can say we are not the exclusive agents. It is a contract to purchase coal and handle coal. I can clarify it if you wish me to, now.

BY MR. DROUIN - Here is Clause 11. "The Vendor reserves the right of sale within the said territory of coal to Maddon & Son Limited, Dominion Textile Company, all Pulp & Paper Companies carrying on business or operating in the said territory, except .....and those whose annual consumption is in excess of five thousand tons. Also all railways, where for operation thereof, for which the purchaser agrees not to directly or indirectly sell any coal without the consent in writing of the Vendor." So if you are the exclusive buyer here of the Dominion Coal, except to Maddin & Son and the Companies that are indicated there and those that generally would

buy more than five thousand tons a year?

A. We are not exclusive agents, as I said from the start.

Q. But the other agent is what I wanted to know, it is Maddin & Son?

A. There is no reference to agents there. It is a contract for purchasing coal.

BY THE CHAIRMAN - It is for us to construe the contract. They were reserving the right to sell coal to Maddin & Son.

BY MR. STOBO - That is a continuing contract for years. When Nova Scotia Steel & Coal and Dominion Coal amalgamated, the Dominion Coal had certain orders and they said we reserve those orders for ourselves. That is why that clause was put in.

BY THE CHAIRMAN - It is a reservation now?

BY MR. DROUIN - Well of course we will have to establish if we have witnesses, by Maddin & Son whether they are agents or only buyers of Dominion Coal. Now your own wharf as marked on this map, Dominion Import Company, and I am showing only the portion so marked - since when have you used that part?

A. I would not say the exact location. That piece of the wharf has been divided up several times.

Q. In the course of years?

A. Yes. But we have been on this dock definitely I would say since about 1902 or 1903; about 1900 I would say.

Q. I am showing you the other wharf, Public Coal Wharf, one part of this dock was owned by your company before it was ceded in?

A. Was leased by our company.

Q. Was leased to your company before 1937, and then that part was ceded by you to a public dock?

A. Under certain arrangements and for a certain time.

Q. And now the blank space which is included also in the Public Coal Dock but without any marks whatsoever, it is marked "Dock" here. You have not that part of the dock before 1937?

A. We have never had that part of the dock.

Q. But now you have that part?

A. No, we have not.

Q. Let us refresh your memory or mind, but in 1937 or rather a few years after when the Public Coal Dock as a matter of fact was - well I don't know, but cancelled by the National Harbour Board, you took back the part you had ceded in 1937?

A. Yes, that was our dock.

Q. That you had ceded?

A. In a temporary way, until they could provide other space.

Q Yes, but anyhow you gave your consent to the National Harbour Commission that that part would be used as a public dock?

A For a short period only.

Q For a short period?

A Yes, until the Harbour Commissioners were able to provide other space. Our letters in that connection are quite clear.

Q That is a new matter for me. When you gave that part of that dock in order that the public could have a public coal dock you imposed conditions on the National Harbour Commission that it would be given back to you?

A I am just telling you that we said if there was any demand for that dock we were willing to temporarily lease 200 feet of our dock until such time as the Harbour Board were able to provide accommodation. We ceded that portion and during two years nobody ever asked for it, nobody ever used it, and therefore we asked the Board to return it because we needed the space.

BY THE CHAIRMAN: Was there any understanding between you and the Commission at that time that you were to get back this dock again?

A I think so.

Q They were going to spend $15,000 on it?

A No.

Q That was one of the reasons they took it over?

A Not the 200 feet. It was the additional 200 feet that they spent the money on to provide the foundations in order to allow our trains to go over, but our dock was always equipped.

BY MR. FRAWLEY: But the Crown took title, for a time at least, to that 200 feet?

A I don't think we paid rent on that while it was ceded away. I think we were relieved of the rent.

Q No documents passed from you back to the Crown to rent that 200 feet?

A No. The letter is on record.

BY MR. DROUIN: Just one more question on that public dock, Mr. Stobo. Of course the National Harbours gave you back that part, but there was another part?

A Sure.

Q What happened to that other part?

A It was there, and still there.

Q Well, I want to know exactly.

A Well, I think you had better get that information from the Harbour Board.

Q No, you are here and you can give me those informations.

A Not entirely. If you put a question I will answer it, but don't ask me general questions.

Q I am not asking you general questions. I am asking you questions about the wharf of which part is your property, and I want to know what happened.

A The part that is our property is back in our possession.

Q O.K.

A. Well, that's settled.

Q You see on that map the space that is included in the red lines?

A Quite clearly.

Q It was the public coal dock?

A So called, but never used.

Q O.K., I agree also on that, but I want to know if when you gave to the Commission that part of that wharf that was belonging or on lease in your favor, I want to know if it was all the space that is marked inside of those red lines?

A You will have to make that question clear.

Q I will put another question to refresh your memory. Where was the wharf occupied by Gingras et Fils?

A Right here. It wasn't in that form at that time.

Q But at the place where there is a mark in pencil ---

A Wait a minute, I don't know if it was occupied by Gingras

et Fils at that time. What is the date?

BY THE CHAIRMAN: It doesn't make any difference what the date was. He is asking you what became of that particular wharf. Is it in your lease now?

A No.

BY MR. DROUIN: When you got back that portion of your wharf that you had ceded in 1937 you got after that another part of wharf which was given to you by tenders?

A Not to my recollection.

Q All right. So you maintain that in 1937 when you gave your consent that this dock would be transferred to the National Harbour Commission for a public dock that you were occupying all this space which is included in the red lines?

A No, not to my recollection.

Q Well, what was the part that was not occupied by you?

A We have 580 feet, that is our lease, and when I say we ceded 200 feet temporarily that left us 380 feet. Now we got our 580 back. That is clear enough, I think.

BY THE CHAIRMAN: And nothing more?

A Nothing more as far as I know. I am not saying at the end of the season if there is nothing on that dock we might not ask the National Harbours to land a cargo of coal on it for the winter, but we had no lease of it. If it was vacant, why shouldn't we?

BY MR. DROUIN: So you never, after having got back that part from the National Harbours, you did not tender for the part that I am showing to you, the part where there is a cross?

A You are saying tender. Did I get it or not get it?

BY THE CHAIRMAN: Did you ask for it?

A I would not be surprised if we did, if it was not being used by anybody. That doesn't mean that we got it though.

BY MR. DROUIN: You may have got it and you wouldn't know?

A I would soon find out. I read the history of that dock this morning and to my recollection I don't think we have it.

Q And Mr. Stobo, there is another question regarding those wharves. You did not receive in exchange, when you ceded that wharf to form part of the public wharf, you did not get another wharf?

A Oh, I am very glad you brought that up. There was a small piece of land in the rear which the Harbour gave to us--didn't give to us, leased to us. We stored about 5,000 tons of coal on it. The coal that would have beeen stored on the 200 feet was obliged to go on that space. We still have the lease but for the last four or five years it has been given for war purposes and just now there is all kinds of ship-building material. It is not a piece of land we value at all because it is only available for rail storage.

Q But it was given in exchange?

A I wouldn't say in exchange.

Q It was given at the same time?

A About the same time.

Q And you gave it, as you say, for war work, but now?

A It is still covered with all kinds of vessel material--steel plates and everything required in the construction of vessels.

Q But in the end it has to return to you?

A We don't want it.

BY COMMISSIONER MORRISON: Are you paying rental fees on it now?

A Oh yes, and Morton Engineering is paying us.

BY MR. DROUIN: But according to your lease you have a right to get it?

A Yes. We have lots of rights we don't want, though.

Q Now regarding the outside basin. I am showing to you--we are on what we call the inner wall of the Charles River, Canadian Import here and fuel oil plant. That is your own fuel oil plant?

A No.

Q Well, to whom does it belong?

A It belongs to the St. Lawrence Tankers.

Q What is that?

A An oil handling company.

Q You are a director?

A I am the president.

BY THE CHAIRMAN: I suppose it is no disgrace to be president of that company?

A It is no 167%.

BY MR. FRAWLEY: Surely you are not one of those people that are selling this enemy product called oil?

BY MR. DROUIN: So now, and I come to the point I wanted to come to, now, Mr. Stobo, having inspected all those wharves I want to know your own opinion, where could an independent coal dealer find some wharf in that section?

A Except the space now called a public space there is no space in that section, but there is other space.

Q Where?

A Well, I don't know whether I should tell you or not.

Q Well, I want to know.

A There is a space down here, quite clear, right on the breakwater, Coal can be landed on it if the Harbour Commission choose to allow it, but they won't allow coal to be landed everywhere.

BY MR. FRAWLEY: Where is it?

A You see Shed 27, away down on the St. Charles Estuary.

BY MR. FRAWLEY: I think if we are going to refer to this chart of Quebec Harbour we had better give it a number.

Exhibit 275 - Chart of Quebec Harbour

BY COMMISSIONER MORRISON : How far is that wharf from the Canadian Import Company's?

A I would say about half-a-mile.

BY MR. DROUIN: We agree on one thing, that either on the inner basin or the outer basin, as you see it, there is no wharf at the disposal of an independent coal dealer in Quebec?

A When you speak of the outer basin that is a different thing altogether. You see, there is an inner basin and an outer basin. Well, the outer basin we have not referred to so far. It is surrounded by sheds, if you are speaking now of the St. Charles River estuary?

Q Yes.

A Well, we had better have it clear.

Q The estuary of the St. Charles River and the inner basin is occupied by your many companies there?

A No, not by our many companies; occupied by our company and the Dominion Coal Company. We don't own the Dominion Coal Company.

Q Madden & Son?

A No, they have no space there.

Q I want to know, because I think that in your factum, and I may be corrected if it is not correct, and in your testimony this morning, you said there were other wharves at the disposal of the public. Where are those wharves?

A I am just telling you.

Q There is one there. What is the space there?

A I would imagine probably 400 feet long. We figure that we could have stored there probably 30,000 tons of coal.

Q As a matter of fact during the war it has been used as you say for coal?

A No, it was not; it was equipped to load coal. The necessity did not arise.

Q And the National Harbours would have the last word to say to agree to make that space as a coal wharf?

A Well, they are the people that would say it.

Q I would refer now to the other wharves. Do you know any other wharves that could be used as a coal wharf in Quebec?

A Well, you have mentioned yourself the Wolfe Cove.

Q Yes, we mentioned that in our brief, but we are informed that the Harbour Commission would never consent to lease that as

a coal dock because it is near the big vessels at Wolfe's Cove.

A That's right, passenger boats.

Q And you agree that probably the National Harbours Board would not agree to use that as a coal dock?

A Well, I don't know if they have changed their attitude on that. Of course I wouldn't know that. I know at one time they were not anxious to have that type of cargo landed there.

BY MR. FRAWLEY: I understand the local authorities would rather object to it?

A Well, it is near the park and they don't want the dust.

BY MR. DROUIN: But you have over near that wharf in question the wharf of Lane & Robitaille?

A Yes.

Q That is a wharf that could be used for coal?

A And under normal conditions is used, but the same difficulty is there. When the Governor-General is here we cannot work on the dock for the dust and the noise.

Q But it was used when there was a Governor-General?

A Yes, but many times I don't think they worked at night on that account.

Q You used it?

A Don't say we used it. Lane & Robitaille used it.

Q Up until the time of the war? And there was a Governor-General at that time?

A Not in Quebec though.

BY MR. FRAWLEY: What has he got to do with it?

A Because his quarters are right above it. I might say that during the visit of Churchill and the Big Three they had that dock all lined up with machine guns to protect the Citadel; took all the equipment off it.

BY MR. DROUIN: And you are owning the majority of the shares of the company?

A What company?

Q Lane & Robitaille?

A Yes.

Q And you know that Lane & Robitaille, although that dock is not used for coal at the present moment has kept that wharf under a lease from the Canadian National Railways?

A They are obliged to keep it. They have a term lease on it.

Q Now I would like to know, Mr. Stobo, if that wharf could be used as a wharf for independent coal dealers, and as you own the majority of the shares, would you have any objection to agreeing that this wharf would be used for independent coal dealers?

A The wharf would be required after the war as it was required, and Lane & Robitaille will continue to operate that dock as they always did prior to the war.

Q So you maintain that Lane & Robitaille need that wharf and it will be used?

A I would not say they need it, but it suits them to do their business there.

Q No business has been done there since three or four years?

A Because there was no water-borne coal to put on the dock.

Q But if they need that?

A The dock is not available, I would say, to your clients or anybody'else's clients in the meantime. It is under lease to Lane & Robitaille.

BY COMMISSIONER MORRISON: And they are not interested in sub-leasing it?

A I don't know if they have the right to sub-lease it.

BY MR. FRAWLEY: Why is the National Harbour Board not interested?

A It is owned by the Canadian National Railways.

Q It is part of the port of Quebec, isn't it?

A As far as I know it doesn't come under their jurisdiction, that is as regards leasing it.

BY MR. DROUIN: Do you know when that last lease was renewed?

A No, I do not. I might remark here that that dock was part of the shoreline, dilapidated, and when Lane & Robitaille started in business I would say they spent $20,000 or $30,000 rebuilding that dock. It has not been provided by either the Harbour Board or the C.N.R. It was built up with private money.

BY THE CHAIRMAN: Did Canada Steamships have anything to do with building it?

A No. It is in another quarter altogether.

Q I know, but wasn't there ever anything between the Canada Steamships and the Intercolonial Railway about that particular site there?

A Not to my knowledge.

BY COMMISSIONER MORRISON: It was built before government subsidies became popular?

A Yes, I would say so.

BY MR. DROUIN: There was a wharf used years ago by the Century Coal?

A Yes.

Q It is no more at the disposal of the coal dealers?

A It never was. It was a private dock owned by Canada Steamships, and the Canada Steamship Company owned the Century Coal Company and they used that dock to coal their own vessels, and a certain amount to supply the public. With the coming of oil their boats were equipped with oil and they did not require the dock, filled it in at the sides, put sheds on it. It is a private matter; we have nothing to do with it.

Q You bought the equipment?

A Why not?

BY THE CHAIRMAN: He only asked you as a fact.

BY MR. DROUIN: You bought it?

A Sure.

Q And the Century coal, besides supplying Canada Steamships,

was a company that was dealing with the public also?

A Oh yes, sure.

Q Now the last wharf is the old Modden wharf, which is situated near the Custom House?

A That's right.

Q And Mr. Stobo, when you acquired Madden & Son the wharf was closed?

A No, we didn't acquire the company.

Q Well, you own the company?

A No. We had a management contract at that time. We owned no shares at that time.

Q You were controlling that company?

A Yes, but you said "owned".

Q Now, Mr. Stobo, that wharf is closed now?

A Yes. Do you want to know why?

Q Well, I would be glad of information.

A Because the wharf was condemned by the Harbour and Madden's lease was cancelled, and our lease at the same time was cancelled. We had a bunkering plant there. The wharf was eventually rebuilt and sheds are on the wharf today.

Q When the wharf was rebuilt it could have been used as a coal wharf?

A Well, that is a National Harbour policy.

BY COMMISSIONER MORRISON: What is it used for today?

A It is used as freight sheds.

BY THE CHAIRMAN: How long after you had managerial control of it was it condemned by the Harbour Board?

A I would think it was in one or two years. I think it was condemned in 1932. I am not sure but I think that was the date.

BY MR. DROUIN: The St. Lawrence Stevedoring is doing business also in Montreal?

A Oh yes.

Q And I think you said they were doing more business there

than in Quebec?

A Under normal conditions, yes. If the Court likes I could clarify the position. The business of the St. Lawrence Stevedoring is not confined to the discharging of coal by any means. If we didn't have the outside business we couldn't make the enormous profits we make. In normal times we discharge a great deal of sulphur. Last year we discharged over 80,000 tons of lead, gold and zinc concentrates; this year over 100,000 tons of ballast from ships coming across.

BY THE CHAIRMAN: That is the question I was asking the other day, that this stevedoring company is not interested alone in the unloading of coal. They do all kinds of stevedoring?

A And I would even say if that plant was not there today I don't know what the harbour would have done in the last war or this war, because there was no means of getting the ballast out of these ships fast. We welcomed the business and it certainly was of great assistance to shipping in general. The same thing applies to bunkering. Boats come in to our plant, take 1,000 tons of coal in a few hours and go out again. If you had to do it by hand it would take days to do it, but Stevedoring should not be confused with having been created solely for our own work and to the detriment of our competitors.

BY MR. DROUIN: Of course you are entitled to protect yourself in a just way. You refer in your brief to rates of freight at a certain page. Is it from Sandusky by water?

A No.

Q From which place?

A Because we are referring to hard coal, anthracite coal. Bituminous coal can be handled more cheaply from Lake Ontario ports, and the bulk is never handled from Lake Erie ports to this market.

Q Now you are stating in your brief that Mr. Gingras and

Chartier are agents of the Lehigh Valley. Are you sure of that?

A It may be some other similar company.

Q Would you be surprised if he is only a buyer?

A He is an exclusive buyer, I know that.

Q I want to know one thing, and it is my last question. I saw in the briefs of many merchants who came this morning the expression "central depot".

A Yes.

Q Is your wharf known as central depot?

A You mean generally?

Q Yes.

A I wouldn't like to say yes or no. It is known as Canadian Import Company docks.

Q But do you use that expression central depot?

A I didn't write their briefs for them.

BY THE CHAIRMAN: All he is asking you is, is it known by that name?

A I wouldn't say so, Your Honour.

BY MR. DROUIN: What is the difference between central depot and centralization?

A That is a little technical, isn't it?

Q Well, I don't know. It is a question of interpretation.

EXAMINED By Mr. Frawley.

Q You said in one of those supplementary sheets that you filed, referring to the Giroux lease you say: "At the close of hostilities the War Assets disposed of this building and equipment, the area was eventually cleared in September of this year and Mr. Giroux regained, at the beginning of October, his original wharf space," and that is what you understand to be the fact?

A That is what I understand.

BY COMMISSIONER MORRISON: Why does he understand it?

A I only knew recently. Our space was taken from us and at the time it was taken I stipulated--I didn't get it--that our lease should be extended. Suppose we had a 10 year lease, of which two had expired. I stipulated, but I didn't get it, that our lease should be further extended to that, and I understood at the time that Giroux' space was expropriated that he asked the same question, that when the space was returned to him he should be credited with the loss of time.

Q It struck me this morning when you were reading this brief that you spoke very authoritatively about Mr. Giroux' dealings about this lease and the thought was in my mind, how could you be so familiar? I took him to be an independent dealer, and how could you be so familiar with the details?

A Our relations with every dealer in Quebec are very friendly.

Q I would judge that from the evidence we got this morning. But you were presuming to speak with some knowledge on the details of Mr. Giroux's business as far as getting this wharf and details that led up to him now getting a lease. Are you speaking from having conferred with Mr. Giroux, or is that just common knowledge?

A No, that information came from the Harbour Board. In fact I only knew a few days ago that lease had been signed.

Q But you will see why I thought that, because you were certainly giving a lot of details.

A This is a small place, you know.

BY MR. FRAWLEY: The only thing that concerns me about the Giroux transaction is that Mr. Giroux this morning filed a brief, Exhibit 272, and he ends by saying, "I would like consequently that things remain as they are now organized," and he points out there is a lot of expense in having a yard of your own and it is much better to buy from a central yard. In the face of that I find it strange that on the 5th of October he engaged himself to pay $1192 a year

to the National Harbour Board for a lease of that property.

A He may want an anchor to windward.

Q Another question now: You are not directly or indirectly concerned at all in the payment of that $1192?

A Not unless we use the space.

Q Have you got any arrangement, direct or indirect, that you will be permitted to use the space?

A I wouldn't say so, notin this case. I may hope to have. If you want the story of the Giroux space it is this: Giroux got that space. A party from out of town came down and amalgamated himself with Giroux; I think that was two or three years before the war. They brought in a cargo of Scotch anthracite coal. They equipped the dock with a scale. We did the unloading of that coal but Giroux' experience was such--he had the lease for a certain number of years; I don't know how many years--but his experience was such that there was a large amount of money lost from operating that dock; it couldn't be otherwise; and the control of that dock didn't rest in Quebec, it rested outside, and the business was closed up. Giroux had the lease; we needed the space, and in the fall we generally put some coal on there for storagefor the Canadian National or Canadian Pacific. When the war came on that lease was still in existence. The space was taken away. I think he has another year to run on that lease. I would say if during the season we needed that space I would not hesitate at all to ask him for it.

BY THE CHAIRMAN: That is not the question.

BY MR. FRAWLEY: You say you have no arrangement to pay that $1192?

BY THE CHAIRMAN: Unless he uses the space.

A In fact I took French leave and landed two cars on that space. We had to have room for the coal. It was only after I landed it I knew there had been a new lease signed.

BY MR. FRAWLEY: Then I asked you whether or not you had an arrangement with Mr. Giroux that you would be free to use his dock, and what was your answer to that?

A It has not been discussed. If the space is vacant and the storage is needed I see no reason why we should not.

BY THE CHAIRMAN: I suppose what makes Mr. Frawley ask those questions is on account of this man's brief. He comes in and says he wants everything to remain under your control. At the same time he is undertaking to change that and he is paying $1169 for wharf leasing.

A As I say, he may wish an anchor to windward.

Q I am not finding fault with you, and I don't think Mr. Frawley is either.

BY MR. FRAWLEY: I think it speaks for itself. You don't know anything about his plans to import coal by cargo or by rail, except to continue to deal with you?

A I don't know off-hand, except I do know this, that his thought was during this summer to take coal off cars outside of us, that he found the extra cost and no loading facilities, he found it more profitable to take his coal off our dock.

BY THE CHAIRMAN: He didn't mind putting himself in debt $1100 more to prepare for this thing.

BY MR. FRAWLEY: I want to refer to your extracts from the report by Sir Alexander Gibb on the survey he made of the national ports of Canada: "The arguments are strongly in favor of a state ownership and operation of wharves, sheds, and handling facilities in Canadian ports."

A Except ---

Q No, no. He said: "Private enterprise should be encouraged where marketing considerations enter in, or where there are responsibilities or risks that a state organization is not fitted to assume. In these I would include generally such activities as coal handling, bunkering, fuel oil, stevedoring."

Now you are more familiar with this; that is the first time I have seen it, but do you take it that he was saying in the first instance handling facilities should be state-owned, but not in the case of handling coal?

A That is what he infers; handling facilities other than coal handling, bunkering and oil.

BY COMMISSIONER MORRISON: What was he going to leave for public ownership?

BY THE CHAIRMAN: Before interpreting what he means there you have to read the whole report. He was making a recommendation for central national control of harbours with a central organization at Ottawa having control of the whole thing.

A And then in addition he outlined the conditions in each port.

BY THE CHAIRMAN: Well, of course he was only recommending certain things.

A This is more or less an observation of his.

EXAMINED By Mr. Taschereau.

Q Yesterday Mr. Gingras stated that since 1914 you had sold, he said at first bad coal and afterwards mixed coal. Have you heard complaints from Mr. Gingras in this connection?

A To my knowledge we never had any complaints. In fact it was only yesterday we heard that for the first time. There is one place, a laundry, we have done our best. They have heating difficulties there. They have a blower system and if we have any complaints at all it is the high humidity of the coal in these blower systems. That is the only place I know and Mr. Gingras is well aware if I was there once I was there with him a dozen times trying to see what we could do.

Q Did you ever refund money to Mr. Gingras for having sold bad or mixed coal?

A To my knowledge we have never been asked to.

Q Now I understand that you used, you said, to mix coal before the war?

A Yes.

Q That coal was sold cheaper?

A Yes.

Q And when you were selling mixed coal of course the dealer would know that it was mixed coal?

A It was bought as mixed coal.

Q Have you told the Commission, Mr. Stobo, since when you are controlling Madden & Company?

A I think it was in 1932.

Q So before 1932 Madden & Company were controlled by Mr. Madden?

A No, prior to that they were controlled by the Philadelphia Coal and Iron Company.

Q Wholly independent from the Canadian Import?

A Oh yes; I don't know how many years after the death of Mr. Madden.

Q They had a wharf in 1932?

A Yes, or about 1932.

Q So it is these interests who got a lease from the Harbour Commission for the wharf?

A Yes.

Q Now is it true, Mr. Stobo, that among the Quebec dealers you have some, what I would call pets, to whom you sell good coal at a cheap price, and some others you are selling bad coal at a high price?

A I have not heard it, but I would say this, if you would go after every Quebec dealer they would tell you they thought Mr. Gingras got better treatment on our dock, that he got better coal, better prices. It is not true but it is their opinion.

Q You have had a lot of correspondence with Mr. Gingras?

A Piles.

Q Since settlement was effected in 1943 putting an end to your litigation you had a lot of correspondence with him?

BY MR. DROUIN: I have to say this: We have no objection to that but the question of my confrere is leading precisely to what has been abandoned by Mr. Stobo in his brief, the last page. We maintain that the last page, the letter written by Mr. Gingras to Mr. Stobo was written after those proceedings, maybe one year after, but they were the consequence. That is our contention and the question of my confrere is leading precisely to the matter which has been abandoned by Mr. Stobo.

BY THE CHAIRMAN: I don't know; it was not abandoned. You go ahead, Mr. Taschereau.

BY MR. TASCHEREAU: In the correspondence you had, Mr. Stobo, since 1943 when the settlement was effected, have you heard any complaints about bad coal, mixed coal?

A No sir.

Q In that correspondence, as a matter of fact, what is Mr. Gingras asking for?

BY MR. DROUIN: Of course those letters--the form of the question . .

BY THE CHAIRMAN: Have you got those letters?

BY MR. TASCHEREAU: Yes.

BY THE CHAIRMAN: Perhaps if you look over those letters and see if they are signed by your man perhaps it would shorten matters up. All I am asking is to admit that those letters were signed and sent by your client, because it will save time.

BY MR. DROUIN: I think they have been all signed by my client.

BY COMMISSIONER McLAURIN: And they are the letters that he wrote?

BY MR. DROUIN: Yes, the letters. There is a memorandum that is not signed.

BY MR. TASCHEREAU: Is it signed, Mr. Stobo?

MR. STOBO: It is not signed.

BY MR. TASCHEREAU: I see "without prejudice". I will ask Mr. Gingras if he acknowledges that it is his writing?

BY MR. DROUIN: If it is "without prejudice" it can't be ---

BY MR. TASCHEREAU: It depends on what is in it.

BY THE CHAIRMAN: Off the bat I would say if it is written "without prejudice", unless you can show some good reason why it should be admitted it should not be.

BY MR. TASCHEREAU: Here before the Commission I don't think the words "without prejudice" ----

BY THE CHAIRMAN: First of all, before we reach that, he has admitted all the other letters as having been written by his client?

BY MR. DROUIN: Yes. The only remark is this one, that all those letters lead to the date that the letter was written by Mr. Gingras and which has been struck off from the brief.

BY MR. TASCHEREAU: Mr. Gingras from 1943, 1944 to 1945 has been willing to resume business ---

BY THE CHAIRMAN: Just a moment. Without going into that, he is not objecting to admitting those letters; we have them admitted now. Now about the memorandum.

BY COMMISSIONER McLAURIN: How are they admitted? Are they on the record? Are they going to be an exhibit?

BY THE CHAIRMAN: It is up to Mr. Taschereau to say whether he wants them on the record or not.

BY MR. TASCHEREAU: I will drop the memorandum.

BY THE CHAIRMAN: I am not asking you to drop it.

BY MR. TASCHEREAU: I am asking Mr. Stobo to file eleven letters in a bunch as Exhibit 276.

Exhibit 276 - 11 Letters from Patrick Gingras to W. Q. Stobo (March 30, 1944 to January 25, 1945)

BY MR. TASCHEREAU: I will come to the memorandum. Now, Mr. Stobo, will you look at this memorandum of the date of the 23rd of August, 1944, and will you tell the Commission ---

BY THE CHAIRMAN: What do you want to prove, that this gentleman wrote to Mr. Stobo?

BY MR. TASCHEREAU: It is not a letter at all.

BY THE CHAIRMAN: No, it is a memorandum but there was a letter, I would think, accompanied the memorandum. Now there is another thing. If this accompanies a letter "without prejudice" it doesn't make any difference, it goes in with the letter.

BY MR. FRAWLEY: There is a letter, 23rd of August, 1944. No, no memorandum referred to in that.

BY MR. TASCHEREAU: Mr. Stobo, would you tell the Commission in what circumstances this memorandum was sent to you?

A I don't know just what it is. I would like to have a look at it. I would say that was handed to me by Mr. Gingras.

Q I see the words "without prejudice" in writing. Do you recognize Mr. Gingras' writing? To your knowledge is that Mr. Gingras' writing?

A It looks like it; I wouldn't be prepared to swear to it.

Q Might I ask my confrere if he is willing to admit that that is Mr. Gingras' writing?

A It is the same typewriter, I know.

BY MR. DROUIN: Yes, we admit that it is his signature.

BY MR. FRAWLEY: Is it agreed it is part of Exhibit 276?

BY THE CHAIRMAN: Yes.

EXAMINATION Continued by Mr. Taschereau.

Q Yesterday Mr. Gingras referred to a refund you had made with the Catholic School Commission. What have you got to say about that?

A It was not a refund. We have a contract with the Catholic School Commission for American rice coal with a guaranteed ash content of 10%. The analysis showed one small lot a slight difference in the ash content, I think it was 200 tons out of 5,000, and an adjustment was made in accordance

with our contract. It was not a question of mixing; it was simply a question of quality from the mines.

BY COMMISSIONER MORRISON: The witness yesterday was merely quoting from a newspaper report, if I remember correctly. He didn't say he had any knowledge about it; he read it in some paper.

A But the inference was there was some mixing done.

BY MR. TASCHEREAU: He qualified "refund" afterwards but nevertheless I thought I would ask Mr. Stobo to explain about it. Now you have installed anew scale in your yard. Will you explain the use of this scale, what it is for?

A We have three scales operating besides those scales but we have found that ---

BY THE CHAIRMAN: Wasn't the use of that scale explained to us this morning?

A It was. It saves time and it is a big protection to the public. It is in the interest not only of the dealer in saving time but in the interest of the public in moving fuel away.

BY MR. TASCHEREAU: You stated in the brief that after the judgment where the company was fined your agreements were rectified?

A Yes, that is a fact. It is on record. The objection at that time was a certain clause in the British Coal. It was the interpretation put on this clause to say that coal should not be sold at more than a certain price, that is Welsh coal, to see that it got preference. It was interpreted the other way as price fixing, and at the close of the MacGregor enquiry there was a new contract written and filed with Mr. MacGregor and everything is in order. It was a technical difference but it was corrected.

BY THE CHAIRMAN: You say everything is in order. It is satisfactory to Mr. MacGregor?

A Yes.

BY MR. DROUIN: This morning Mr. Nolin promised to bring --

BY MR. FRAWLEY: Oh yes, is he here now?

FRANCOIS NOLIN Recalled. Examined by Mr. Drouin.

Q Have you got the agreement that I asked from you this morning?

(Agreement produced)

Q In this contract, Mr. Nolin --

BY THE CHAIRMAN: First of all, what is that?

BY COMMISSIONER MORRISON: Let it be put in as an exhibit.

Exhibit 277 - Cartage Contract between The Canadian Import Company Limited and Mr. Francois Nolin

BY MR. DROUIN: In this contract there are special rates for cartage to a certain number of customers?

A Yes sir.

Q As listed in this second page?

A Yes sir.

Q And I see that the highest rate is $1.25?

A Yes. I should ask the Court to correct. I should have answered this morning, after looking at my books, on bituminous coal I should have said from 70 cents to $1.00 and on anthracite I should have said from 25 cents up to $2.00, instead of as I answered, but that is not included in the contract.

Q I see in the first clause, Mr. Nolin, "The company agrees to employ the contractor to do its cartage" and then in parenthesis "remaining free to protect its interest in special cases by making whatever arrangements it sees fit." Will you explain that?

A If I was not doing the work right they got the right to give their work to somebody else, or have their work done by somebody else if I don't do the work properly.

BY MR. FRAWLEY: Now, Mr. Chairman, I want to file as Exhibit 278 the reply of the United Mine Workers of America, District 26, to Mr. McCall's letter dated the 5th September 1945. It is not referred to as the reply of the United Mine Workers; it is referred to as United Mine, Mill and Smelter Workers. Mr. Cohen just slipped there.

Exhibit 278 - Reply of United Mine Workers of America, District 26, to letter from Mr. McCall of Dominion Coal, dated Sept. 5, 1945

And then I want to file as Exhibit 279 Mr. Cohen's letter to me of 10th October, 1935, in which he sets out in extenso the resolutions of the United Mine Workers dealing with the nationalization of the coal industry in the Maritimes.

Exhibit 279 - Letter from J. L. Cohen, K.C., to J. J. Frawley, K.C., dated October 10, 1945, re nationalization of coal industry

BY THE CHAIRMAN: Do those resolutions ask for the nationalization of all the mines in the district?

BY MR. FRAWLEY: I am glad you asked that. I think the resolution is somewhat broader than the way it was explained to us in Sydney. One resolution says:

> "Resolved that the executive use every means at its disposal to bring about in Canada a system of operation and control by the Government of coal mining industry of this country," having in mind certain

things. That was on the 6th of December, 1943. And then on the 10th of September, 1945, the executive adopted the following resolution, which is a little different:

> "The executive board in full session resolves that it unanimously is in agreement with the 1945 convention demand for public control and ownership of all the Maritime mines and with similar proposals to be made by the Union in a presentation before the Royal Commission on Coal."

That concludes the business, Mr. Chairman.

BY THE CHAIRMAN: On behalf of the Commission I want to thank those who participated in this meeting here for their very great courtesy, counsel and witnesses and everybody else, and hope that you will all have a very merry and not too boisterous Christmas.

4.00 P.M. - COMMISSION ADJOURNED

ROYAL COMMISSION ON COAL

c City February 25, 1946

VOLUME LX

WITNESS Page

EXHIBIT

ROYAL COMMISSION ON COAL

Quebec City,
Feb. 25, 1946.

The Royal Commission on Coal convened at the Court House, Quebec City, on Monday, February 25, 1946, at 10.00 A.M.

PRESENT:

Hon. Mr. Justice W. F. Carroll, Chairman

Hon. Mr. Justice C. C. McLaurin, Commissioner

J. J. Frawley, K.C., Commission Counsel

Dr. R. D. Howland, Secretary

G. A. Campbell, K.C., representing Canadian Import Co. Ltd.

L. A. Forsyth, K.C., representing Dominion Coal Co. Ltd. and Scotch Anthracite Coal Co.

Hon. Oscar Drouin, representing independent Quebec coal dealers.

MR. FRAWLEY: Mr. Chairman, this is a resumption of the sitting that we had in Quebec at the end of November, at which time Mr. Drouin made application for a further hearing to give him an opportunity to present certain evidence. Witnesses have been subpoenaed, some from the City of Quebec, some from outside Quebec, and I understand some people, Mr. Forsyth certainly, are here to make representations to have the outside witnesses heard first and allow them to go home again, and other things being equal I have no objection to that.

MR. FORSYTH: I am appearing, Mr. Chairman, for Dominion Coal and Scotch Anthracite Coal Company. Mr. Dube, the president of Scotch Anthracite, is here and is very anxious to get away, and it appears to me if we start on matters in which he is not interested it may be some time before we get around to him, and I am asking that consideration be given that.

BY THE CHAIRMAN: He is subpoenaed?

MR. FORSYTH: At the request of Mr. Drouin, I understand.

BY THE CHAIRMAN: Mr. Drouin, that is only a fair request?

MR. DROUIN: Yes, I think the principle is very good, although I would state to the Commission this fact, that I intend putting one witness in the box, Mr. Stobo, and Mr. Webster, before the others, and what I may draw from them may even dispense with some witnesses to be heard and may dispense with many questions. Now I have no objection to taking the outside witnesses, but I think we should proceed in some kind of a logical sequence, you see.

BY THE CHAIRMAN: Well, it wouldn't interfere with the preparation you have made of your case to have these witnesses first?

MR. DROUIN: No. Now I may say there are lots of witnesses that have been assigned. I don't need all those witnesses today, especially a certain category of witnesses. I can't see that we will need them until tomorrow.

BY THE CHAIRMAN: That will depend on how fast we get along today.

MR. DROUIN: Yes, of course.

MR. FORSYTH: The only point I am making is this, that Mr. Dube is here from Montreal, he is head of a concern that requires his services. He is here and has brought whatever information he has available.

BY THE CHAIRMAN: You call him first then.

MR. DROUIN: I have no objection to calling him first, but I have already had a private request to hear some witnesses before others. Of course we have only the request officially before the Commission of Mr. Dube, so I have no objection.

BY THE CHAIRMAN: I just want to say that from the Commission's viewpoint and from the general viewpoint it is very

sad that Mr. Angus Morrison, the other Commissioner, is unable to be here owing to sickness in his family. He was obliged to leave Ottawa four or five days ago, and he too is grieved about the fact that he could not be here. He is interested in whatever investigation there is.

FRANK DUBE Sworn. Examined by Mr. Drouin.

Q Mr. Dube, what is your occupation?

A Coal business.

Q Yes, but for whom?

A Scotch Anthracite Coal Company.

Q Since when?

A 18 years.

Q You are manager of the company?

A Yes.

Q From whom are you buying your coal--your company?

A What kind of coal?

Q Generally?

A Anthracite?

Q If you want, at the moment?

A Lehigh Valley Coal Company.

Q From the United States? That is the American anthracite?

A That's right.

Q Now is your company the agent of other American companies?

A No.

Q Are you buying American anthracite from other American companies?

A No.

Q Are you biying coal at the present moment from Scotland?

A Not at the moment, no.

Q Since when have you not received any coal from Scotland?

A Three years.

Q You have a contract with the Maris Export Company?

A Yes.

Q Since when have you got that contract?

A Well, the Maris Export and Trading Company are our parents.

Q Do you mean that they own your company?

A Right.

Q Entirely?

A Entirely.

Q If I understand well, the Maris Export Company is the exporting agency in Scotland of the Scotch Collieries, or something like that?

A That's right.

Q You have a contract with them? You are owned, as you say, by the Maris Export and Trading Company?

A Yes.

BY MR. FRAWLEY: What is the name of the group?

BY MR. FORSYTH: The Scotch Anthracite Producers' Association is the name.

BY MR. FRAWLEY: That is the company you are referring to?

WITNESS: Yes.

BY MR. DROUIN: Do you know pretty well Scotland?

A Fair.

Q This Scotch Anthracite Producers, is it the only collieries that are situated in Scotland?

A Well, as far as I know it is. There are 10 or 12 small mines in a group.

Q And they are all making business together under the name of the Scotch Anthracite Producers?

A Quite right.

Q You have a contract with them? You told me that you had a contract or that you were under contract to the Maris Export and Trading Company?

BY MR. FORSYTH: The Maris Export has the only contract with them. Scotch Anthracite doesn't have a contract.

BY MR. DROUIN: Have you got the contract?

A No.

Q Where is it?

A It is in London as far as I know.

Q You are under contract with them, yet you have no copy here in Canada?

BY MR. FORSYTH: I would like to make this clear: Maris Export are the owners of all the issued shares of the Scotch Anthracite Company Limited. Maris Export and Trading Company has a contract with the Scotch Anthracite Producers' Association, which is a group of collieries in Scotland. All that the Scotch Anthracite Company does, when the coal is available they receive coal from the Maris Export and Trading Company. They don't have any contract with the Producers' Association.

BY MR. DROUIN: I will ask the witness. You have no contract at all with the Maris Export and Trading Company?

BY THE CHAIRMAN: No, he didn't say that. What Mr. Forsyth said was they have no contract with the Producers.

BY MR. FORSYTH: That's right. There is a verbal arrangement with Maris Export.

BY MR. DROUIN: But you have a verbal arrangement with the Maris Export and Trading Company?

WITNESS: Well, we are the Maris Export and Trading Company.

Q And you declare that you have no copy at all here in Canada, in your office or any place in Canada that you know where there is a copy of that contract between the Maris Export and Trading Company and the Scotch Producers?

BY MR. FORSYTH: I have a copy of it in my office.

BY MR. DROUIN: Well, if you have a copy I would like it to be produced.

BY MR. FORSYTH: Well, if my friend had asked for it I would have had it here, but he didn't ask for any such contract as that. Have you got the subpoena that you got, Mr. Dube? I didn't have any idea. I think I could get a copy for you all right if the Commission is interested in it. This is

what the subpoena says: "Any contracts, arrangements, agreements between the Scotch Anthracite Coal Company Limited and the Canadian Import Company Limited, the British Coal Corporation, the St. Lawrence Stevedoring Company Limited, Amalgamated Collieries, the Pascoe Company, or any other coal exporting companies in the United Kingdom."

Of course that doesn't call for any contract between Maris and the Producers, but if my friend wants a copy I can easily get it for him.

BY MR. DROUIN: So you will file, with the consent --

BY MR. FORSYTH: No, that is another thing. I can easily get the copy here, but whether it is to be filed is something else.

BY MR. DROUIN: When can my friend get the copy?

BY MR. FORSYTH: I can get it here tomorrow morning.

BY MR. DROUIN: My friend will be here tomorrow morning?

BY MR. FORSYTH: Well, according to the time my honourable friend takes today.

BY MR. DROUIN: Now, Mr. Dube, regarding that contract. As I understand you, you answered that you were in fact the Maris Export and Trading Company?

A We are.

BY THE CHAIRMAN: Well, a part of it. The Maris Export is a holding company and this is a subsidiary?

A Yes.

BY MR. DROUIN: I ask for any contract with any other company.

BY THE CHAIRMAN: I know, but I think that you are asking for documents and I said over the telephone to Mr. Frawley that you should be very specific. Suppose you asked for all the items; it might take four or five trunks to take all the stuff that is passing between these people. However, Mr. Forsyth has kindly consented that he will show you a copy of that, or show it to the Commission.

BY MR. DROUIN: Yes, O.K. Mr. Dube, you told us that you were in fact the Maris Export and Trading Company Limited here in Canada?

BY MR. FORSYTH: Well, now ---

BY THE CHAIRMAN: You know the set-up. It is a question really of law, apparently.

BY MR. DROUIN: Mr. Dube, is there any coal coming from the Maris Export Company, any Scotch anthracite coming to other people in Canada besides the anthracite coming from the Maris Export Company in Scotland to other companies or other individuals in Canada?

A Not that I know of.

Q If I understand well, you told us that there were verbal agreements between Maris Export and your company?

A Verbal agreements? There is no agreements between us. They own us and we don't ---

Q What I want to know, are you the exclusive agents of the Maris Export Company Limited?

A Quite right.

Q In Canada?

A That's right.

Q O.K. Now, Mr. Dube, regarding soft coal, Sydney coal, are you also the representative of the Dominion Coal?

A No.

Q Are you dealing with them?

A Just in a small way in Montreal.

Q Do you know the person that is representing the Dominion Coal in Montreal?

A Do you mean the person that sells us the coal?

Q Yes. Who?

A Mr. Appleton.

Q From the Dominion Coal?

A Yes.

Q Have you any contract with the Dominion Coal Company?

A No.

Q No contract with the Dominion Coal Company?

A No sir.

Q Have you any arrangement with them besides the pure fact of sales that they are making to you?

A Absolutely none.

Q Is your company having any contract or agreement with any other company from the United Kingdom, including Scotland?

A Well, are you speaking of the Scotch Coal Company now or of the Maris?

Q Yes.

BY MR. FORSYTH: Which?

A Well, as far as I know--I couldn't answer for the Maris--as far as I know we have none.

Q Any contract with the Canadian Import Company Limited?

A No sir.

Q No arrangement whatsoever?

A No sir.

Q Mr. Dube, is there not an agreement between your company and the Canadian Import Company not to come into the district of Quebec for business?

A Definitely not.

Q Have you got any agreement or contract whatsoever with the British Coal Corporation?

A No sir.

Q Which company is doing your unloading in Montreal?

A Ourselves.

Q Have you any agreement or contract whatsoever with the Pascoe Company in England?

A Well, we have had a contract by letter and acceptance of sale, we have.

Q Since when?

A Since 1940.

Q Have you got that agreement?

A Yes.

Q Can you show us that agreement?

A Yes.

BY MR. FORSYTH: Now I want to say about this, I have here letters from T. T. Pascoe Ltd. to the Scotch Anthracite Coal Company dated the 10th of April, 1940, the 21st of November 1940, the 4th of September 1941, the 21st of May 1941 and the 10th of December 1942. Now these letters relate to purchases of coal, Welsh anthracite coal, from T. T. Pascoe Ltd. The 1940 letter refers to the purchase of 11,500 tons. The 1940 letter again refers to that same thing, about 33,000 tons involved in that. And in 1941 the 21st of May refers to 19,600 tons, the letter of the 4th of September to 2500 tons, and the letter of the 10th of December 1942 relates to another purchase of coal. Now what I want to point out to the Commission is this, that these documents relate to individual purchases of coal by this company from Pascoe. As far as I can see they haven't anything to do with the sale of coal in this district, and they contain the prices and the specifications for the various coals. I am perfectly willing that this should go to the Commission, but I am not willing that they should be submitted.

BY MR. DROUIN: No, I don't insist on the prices at all.

BY THE CHAIRMAN: There will be no examination as to prices at all. They will simply be given to Mr. Frawley, or whoever looks after the records there. These things have all been executed now, these agreements?

BY MR. FORSYTH: Yes. I might summarize one of the letters. The one of the 10th of April is a letter from Pascoe to the Scotch Anthracite Company: "We have sold to you and you have purchased from us for shipment to Montreal in approximately equal monthly quantities between the 1st of April 1940 and the 31st of October 1940 about 11,500 tons of Welsh anthracite, on the following terms and conditions." Then there is the specification of grades. "Quality. The coals are to be drawn from any or all of the following

coals."1.The only one I can pronounce is Seven Sisters; the others are all Welsh names. Then the price is mentioned and the prices for the various specifications. Then there is an exchange clause, marine insurance, war risk, chartering, inspection, the delivering and the terms of payment, and freight and how we are to pay against bill of lading delivered to the Maris Company in London. Then there is a strike clause in there--although why they would have that in 1940 I don't know--and this contract is subject to any directions of the British Government. And the other letters are similar except they do discuss the difficulties in getting shipping.

BY MR. DROUIN: If those letters do not include a general agreement, if they are only part of the sales, I would not insist on the production of those letters, but I want to see them before, of course.

BY MR. FORSYTH: I think I have this right. Of course my friend can take my undertaking or not as he likes, I don't care. I tell my friend there is no general contract there, they do relate to specific sales and to nothing else. If my friend is not prepared to accept my view about that then I think he will have to accept yours, because I don't propose to expose the letters dealing with prices and so on to everybody concerned. I have the greatest confidence in my learned friend but he doesn't seem to have much in me.

BY MR. DROUIN: I want to see those letters.

BY MR. FORSYTH: I don't think he has any right to see the letters.

BY THE CHAIRMAN: On a question of price and costs we have always--at least I think the routine of the Commission has been that we take those, file them, and if there is anything in them that we can use without giving away the prices and that kind of thing, all well and good, but do you know what

is in those letters now?

BY MR. DROUIN: I don't know at all. Of course my honourable friend gave a resume of those letters and what strikes me is the Weaver Company is the agent in Montreal of the Pascoe Company, and I want to see those letters. I am entitled to see those letters, at least.

BY MR. FORSYTH: I would like to hear some basis put forward upon which my friend is entitled to see any letter passing between the Scotch Anthracite Coal Company and Pascoe.

BY THE CHAIRMAN: What do you mean by basis?

BY MR. FORSYTH: On what basis does he come before this Commission asking to see any correspondence between the Scotch Anthracite Coal Company and Pascoe?

BY THE CHAIRMAN: It depends on what he is trying to prove.

BY MR. FORSYTH: That is what I want to know.

BY THE CHAIRMAN: I was going to put to Mr. Drouin this morning just what are the points that he expects to prove?

BY MR. DROUIN: The point is this one.

BY THE CHAIRMAN: No, not one; give us the whole, because it will save time in the future.

BY MR. DROUIN: We want to prove that the control of coal exportation or importation is so complete here in Canada, and the companies are so arranged between themselves, that it is impossible for an independent operator to buy any coal.

THE CHAIRMAN: Is there anything wrong with that?

BY MR. DROUIN: Well, it is a question of control.

BY THE CHAIRMAN: I suppose those people have the right to sell to whom they want to, unless there is a combine in restraint of trade, and there is another tribunal to look into that.

BY MR. DROUIN: Yes, but in our brief we took the position that there were at least two importers in Quebec trying to get coal and that we were not able to get coal because we were excluded.

BY THE CHAIRMAN: What is your reason for saying that? To show that the people who use coal were not getting sufficient coal? What is wrong with a coal operator if he says, "I am going to sell to John Jones and Jim Smith but I won't sell to John Brown"? What is wrong about it?

BY MR. DROUIN: We want in your report--I may be frank--we want you to state the control, in the interest of coal business in Canada.

BY THE CHAIRMAN: Well, so long as they are able to sell their coal and there is a reasonable price I don't see that it has anything to do with the coal control.

BY MR. DROUIN: If we put before the Coal Commission the fact that we are not able to get coal from one of these companies--

BY THE CHAIRMAN: I mean who? The person who wants to sell it?

BY MR. DROUIN: Gingras and Chartier.

BY THE CHAIRMAN: What right has Mr. Gingras to go to any company and say, "I want to be your agent here," when they have an efficient sales agency here? If you can show that the present set-up, so far as efficiency is concerned, is not giving proper service to the people of this district that is important, if that is one of the things you want to prove, and I don't know if you can prove it because we have evidence on that from Coal Control.

BY MR. DROUIN: Yes, but Your Lordship, of course we can change our position. We take the stand that an independent buyer here in Canada cannot and could not buy coal from England or Scotland because the whole market is controlled by the company.

BY THE CHAIRMAN: Well, what is wrong with that? Is there anything fraudulent to the Canadian public as to that?

BY MR. DROUIN: And that the whole of those companies--I would say it is not of course for the present Court to judge if that forms a combine to prevent us from going into business.

BY THE CHAIRMAN: We are not dealing with combines. If you have any right to believe there is a combine in restraint of trade against the Criminal Code in this country you have a man at Ottawa who is very capable and I would think very fair. I really can't see your point of view. You can refuse to give your services to a man, can't you, to a client?

BY MR. DROUIN: No.

BY THE CHAIRMAN: Yes, you can.

BY MR. DROUIN: I did not understand; I understood it was the contrary. Yes, I can refuse, but we want to put before the Commission--I don't want to repeat unnecessarily--that we are in a terrible situation because the coal market is controlled.

BY THE CHAIRMAN: Who is in the terrible situation?

BY MR. DROUIN: Our clients.

BY THE CHAIRMAN: Well, is the public suffering?

BY MR. DROUIN: Well, of course as we have said in our brief we are not taking only a private point of view, we are taking the general standpoint.

BY THE CHAIRMAN: Well then, so far as those letters are concerned that is not going to help you so far as service to this district or any district is concerned?

BY MR. DROUIN: Well, have I not the right to see those letters to see if there is some kind of a general contract with the Pascoe Company?

BY THE CHAIRMAN: This gentleman has sworn that there is not and he told you what those contracts are.

BY MR. DROUIN: Yes, but here is the situation where I am. My learned friend gave a resume of those letters. He read practically all those letters, not completely but he gave a resume and it is in the record, and I have not even the right to see those letters?

BY THE CHAIRMAN: I am not saying that you haven't at this stage. I am trying to find out what bearing they have on anything you want to prove.

BY COMMISSIONER McLAURIN: Mr. Drouin, the fundamental basis of your complaint is that it is impossible for independent retailers here to buy coal in Scotland?

BY MR. DROUIN: Or other countries, yes.

BY COMMISSIONER McLAURIN: And one of those independent dealers that can't buy is your client, Mr. Gingras?

BY MR. DROUIN: Yes.

BY COMMISSIONER McLAURIN: Have you laid in evidence before us yet that Mr. Gingras is solvent and took reasonable and proper measures to satisfy any vendor in England that he is able to pay for what he gets?

BY MR. DROUIN: According to law he is supposed to be solvent.

BY COMMISSIONER McLAURIN: Oh no, but if I am a vendor of coal in Wales I would expect a letter of credit, a letter from a Canadian bank saying that Mr. Gingras was solvent and could meet his financial obligations. Have we any evidence of that kind at all, that if Mr. Gingras bought anything he has the money to pay for it?

BY MR. DROUIN: Well, respectfully I submit that I was not obliged to prove that Mr. Gingras was a solvent man before proving the other facts. According to law there is a presumption for him.

BY MR. FORSYTH: May I interrupt my friend? There are two aspects. One has to do with the Scotch Anthracite Producers' Association in Scotland. Now this witness has testified that so far as he knows no other Scotch coal comes to Canada except what comes to the Scotch Coal Company from the Maris Export Company, but if my friend Mr. Drouin wants to prove that his client cannot buy coal from those producers in Scotland--if that is a matter that this Commission is justified in going into at all--surely I should think the thing for him

to do is come in and say, "I tried to buy coal from them and I couldn't."

BY THE CHAIRMAN: Apart from that altogether, haven't any of those coal producers the right to say, "I am not going to sell you coal; we have efficient sales agents in that country"?

BY MR. FORSYTH: Certainly. The second thing that there is, the Scotch Anthracite Company has apparently since 1940 made three or four purchases of coal from T. T. Pascoe, Welsh anthracite. There is some talk about the Weaver Company in connection with this thing. I don't know anything about that, but surely the Scotch Anthracite Company, who have no general contract with Pascoe, their correspondence with Pascoe doesn't become a matter for public inspection merely because they bought a couple of cargoes of coal from Pascoe.

BY THE CHAIRMAN: Well, I agree with that.

BY MR. DROUIN: I don't want to be too much insistent, but of course I repeat I am placed in a very difficult situation.

BY THE CHAIRMAN: I don't think it is a difficult situation for you at all. It is a situation that I don't think you should have got into.

BY MR. DROUIN: No, but according to those letters, they were put in the record ---

BY THE CHAIRMAN: No.

BY MR. DROUIN: The stenographer took all that my learned friend said.

BY THE CHAIRMAN: Excepting the price.

BY MR. FORSYTH: I have shown the letters to Mr. Frawley, and I think Mr. Frawley will say that they support what I said about them.

BY MR. DROUIN: Yes, but Mr. Frawley is counsel for the Commission.

BY THE CHAIRMAN: We certainly accept his view of it.

BY MR. DROUIN: But I repeat, a resume of those letters has

been given by my friend and I have not even a right to see them.

BY THE CHAIRMAN: You can get what is in them, anything that Mr. Frawley cares to discuss with you. You see that is not what you expected to get from this man.

BY MR. DROUIN: I am surprised this morning to what that they have bought coal from the Pascoe Company when they are not the agent of the Pascoe Company, when the Weaver Company is.

BY THE CHAIRMAN: That's all right. What's wrong with that?

BY MR. DROUIN: I am surprised. I want to know the reason.

BY MR. FORSYTH: The reason is that they had the money in their pocket and they paid for the coal.

BY THE CHAIRMAN: I think you have already answered that you have no general contract with the writers of those letters?

WITNESS: No.

Q Those contracts have been executed?

A Yes.

EXAMINATION of Mr. Dube continued by Mr. Drouin.

Q Can you explain how you bought coal from the Pascoe Company when the Weaver Company are the agents of the Pascoe Company?

A I didn't realize that Weavers were agents for Pascoe. This is the first I have ever heard of it.

Q You thought there were other people that were agents for Pascoe?

A I never even gave it a thought who were the agents. We just purchased coal as we could; didn't worry about the other fellow.

Q Now you told us that you were the representative of what line company?

A Lehigh Valley.

Q Are you the only agent in Montreal?

A Yes.

Q Are you buying American coal from other companies than the Lehigh Valley?

A No.

Q Do you know the situation in Wales regarding collieries there?

A No.

Q You told us a few moments ago that the Maris Export was owning your company? Do you know the interest in the Maris Export and Trading Company?

A No.

Q You don't know what people are interested in that company?

A Well, I know three or four individuals.

Q Can you name those?

A Why would you want that?

BY MR. FORSYTH: Why don't you put him the question you want to know?

BY MR. DROUIN: Who are the people interested in the Maris Export and Trading Company?

BY THE CHAIRMAN: Do you mean the directors?

BY MR. DROUIN: The directors, yes.

A There is Lord Hindley and Norman Bellamy and various others.

Q Are there Canadians interested in that company?

A There may be; I couldn't say; I don't know.

BY MR. FORSYTH: The short and simple question that Mr. Drouin is interested in is as to whether the Websters have any interest in that company?

A Absolutely not.

BY THE CHAIRMAN: He doesn't know.

BY MR. FORSYTH: He says absolutely not.

BY MR. DROUIN: Are you buying coal from companies in New Brunswick?

A None whatever.

BY COMMISSIONER McLAURIN: Quebec has never been that badly treated.

CROSS EXAMINED By Mr. Forsyth.

Q Is it a fact that the Scotch Anthracite Coal Company have been selling Mr. Chartier in Quebec?

A Yes.

Q Is it a fact that they have sold Mr. Gingras?

A Yes.

Q And so far as the Lehigh Valley Coal Company is concerned the territory in which you represent them is from Nova Scotia as far as Toronto, is that right?

A As far as Sault Ste. Marie.

Q And so far as the Pascoe Company is concerned, who did you deal with when you bought the coal from Pascoe, in your preliminary discussions?

A Mr. McClay.

Q Of?

A Montreal.

Q Did you have any dealings with Mr. Piercey of Swansea, Roy Piercey?

A Years ago.

Q Before the war?

A Right.

Q And you have bought Welsh coal from Pascoe in some quantities since 1940?

A Quite right.

Q The Scotch Anthracite Coal Company maintains its own discharging facilities and dock in the city of Montreal?

A That's right.

Q And have for how long?

A Twelve years.

Q And you are aware of the fact that there is no other financial interest in the Scotch Anthracite Coal Company except Maris Export and Trading Company?

A Quite right.

Q And you are also aware of the fact that no person in any way associated with the Canadian Import Company, or the family of the late Senator Webster, has any interest whatsoever?

A None whatever.

CROSS EXAMINED By Mr. Campbell.

Q Mr. Dube, does the Scotch Anthracite Coal Company sell coal at all in the district of Quebec?

A Yes.

Q Has it always, during normal times, sold coal in this district?

A Yes.

BY MR. FRAWLEY: Do you sell coal to the E. J. Chartier Co.?

A Yes.

Q In the regular way of business or just spasmodically?

A In the regular way of business.

RE-EXAMINED By Mr. Drouin.

Q Have you sold any coal to Mr. Patrick Gingras or to Chartiers last year?

A Yes. Wasn't it?

Q Are you sure of that? Do you remember how many tons?

A I can't tell you off-hand just how many tons.

Q But you are not sure that it was last year?

A I am under the impression it was every year for the past four or five years.

Q What would be the average of sales each year to Mr. Gingras?

A A very few cars.

Q And to Mr. Chartier?

A Well, we have sold to Mr. Chartier all the coal that we could give him under the allocation. You know there has been an allocation for some years and we could only give a customer what he had during the basic period, and the base

period was during 1940, if I remember right, or 1941. We would like to have given Mr. Chartier more coal if he could have got it.

Q Have you shipped to Mr. Chartier coal last year?

A Yes.

Q Do you remember how many tons?

A No; whatever his allocation was.

Q You have not shipped anything this year to either of those gentlemen?

A Oh yes, we have.

Q To Patrick Gingras?

A I am under the impression.

Q And Mr. Chartier too?

A I am positive about Mr. Chartier.

Q You don't know the quantities?

A No, I don't.

BY MR. FORSYTH: Mr. Dube may leave, I suppose?

BY THE CHAIRMAN: As far as I am concerned.

WILLIAM Q. STOBO (Sworn) EXAMINED BY MR. DROUIN

Q. Mr. Stobo, you have already been examined in this inquiry in November?

A. Yes Sir.

Q. You are the Manager of the Canadian Import in Quebec?

A. Yes sir.

Q. You are a Director of the British Coal Corporation?

A. Yes sir.

Q. Now Mr. Stobo, who is the President of the British Coal Corporation?

A. Mr. Harry Aird.

Q. And if I understand well, at the same time Mr. Aird is Manager of the Canadian Import in Montreal?

A. Yes sir.

Q. Where do you buy, and from which company are you buying your Welsh coal Mr. Stobo?

A. Amalgamated Anthracite Collieries. I think it is the sales company now; the same operation, I think they call it the sales since the change has been made.

Q. Amalgamated Collieries, is it a direct contract with Amalgamated Collieries, or through the British Coal Corporation?

A. Through the British Coal Corporation. It is embodied in the British Coal if I remember. I think it is, but I am not quite sure.

Q. The British Coal Corporation is an agent of Amalgamated Collieries?

A. As far as Quebec is concerned we buy our coal directly from Amalgamated Anthracite Collieries.

Q. But according to a contract which is passed between British Coal Corporation and Amalgamated Collieries?

A. I am not sure on that.

Q. Have you a contract on that?

A. That will be produced by the British Coal Corporation.

Q. By Mr. Aird?

A. Yes.

Q. You know pretty well the situation in the Wales collieries?

A. Not the recent situation.

Q. Have you been there since long?

A. No, not for ten years.

Q. Not for ten years?

A. Yes.

Q. What are the other producing companies or exporting companies in the Welsh country?

A. I would not be prepared to say because I have not got that information here. There are a number. I could get the information for you;

Q. There is a Pascoe Company?

A. Yes.

Q. And Evan and Bevan?

A. Yes.

Q. Evan & Bevan and Evan & Reid are the agents here in Canada?

A. I know those are the companies. There are a number of companies.

Q. You told us in your first examination that you were owning the St. Lawrence Stevedoring Company?

A. Yes.

Q. Under the name of Canadian Import, or what I want to know is the capital of the St. Lawrence Stevedoring Company that is in the name of Canadian Import?

A. 100%.

Q. 100% owned by Canadian Import itself?

A. Yes.

Q. And is St. Lawrence Tanker owned by Canadian Import?

A. No.

Q. You are President of it?

A. Yes.

Q. Who owns the St. Lawrence Tanker?

A. This is a company we don't own 100% of. It has nothing to do

with the coal business.

BY THE CHAIRMAN - Nothing to do with the coal business?

A. No, we are part owners of the tanks and store the oil and deliver it at so much per barrel. We have a 50% interest in that company.

EXM. BY MR. DROUIN (continued)

Q. In the name of Canadian Import?

A. No, under name of St. Lawrence Independent Oil Company, which is a holding company.

Q. Who is President of it?

A. I am.

Q. Who controls the shares of St. Lawrence Independent Company?

A. Canadian Import.

Q. Canadian Import does?

A. Yes. I have no objection to giving the Commission privately that other information. I don't think it should be made public.

BY THE CHAIRMAN - It is public knowledge.

A. I don't know.

Q. It is public without coming before this Commission. I presume there is some Government body in the Province that knows about it?

A. No doubt.

EXM. BY MR. DROUIN (continued)

Q. Who is owner of the Weaver Coal Company?

A. The Webster Estate; the Webster family.

Q. Are you onw of the Executors of the Webster family?

A. Yes.

Q. Is it controlled entirely by the Webster family?

A. I would say yes.

Q. Who is the President of the Weaver Coal Company?

A. Mr. L. G. Mickles.

Q. Have you anything to do with the Weaver Coal Company personally?

A. Not directly, no.

Q. But indirectly?

A. Well they consult me sometimes about equipment, or something

like that.

Q. That is, as one of the Executors of the Estate of Mr. Webster?

A. Not exactly; of different coal companies.

Q. Now Mr. Stobo, Hartt & Adair Company of Montreal, are you owning that company?

A. That is owned by the Webster Estate.

Q. The Webster Estate also?

A. Yes.

BY MR. CAMPBELL - In the Webster interests?

A. Yes.

EXM. BY MR. DROUIN (continued)

Q. There is one company which was not mentioned, or rather an individual who was not mentioned at the first hearing. Do you know Pauquet, a coal dealer in Levis?

A. Very well.

Q. Are you in with him?

A. Nothing to do with him at all in any way, shape or form.

BY MR. FRAWLEY - What is the name of the company?

A. L. J. Paquet & Fils in Levis.

EXM. BY MR. DROUIN (continued)

Q. Farquhar & Robertson is another subsidiary of Canadian Import?

A. Yes.

Q. Owned by Canadian Import?

A. Yes.

Q. And Armond Parker also?

A. I think Mr. Aird can tell you better. We have an interest.

Q. Wilson Company?

A. We are interested in it.

Q. Monereau Coal Co.,

A. I could not say.

Q. Now regarding Elias Rogers?

A. No interest in it.

Q. Canadian Import or the Estate of Mr. Webster?

A. None whatever.

Q. And I want to remember, did you tell us that the contract with Amalgamated Collieries was between British Coal, or that Company and Canadian Import?

A. Between Amalgamated and British Coal Corporation.

Q. Now regarding the line companies in the United States, is your company representing some of them, the Canadian Import?

A. In Quebec here we represent Philadelphia & Redding Coal Co.

Q. Of course it is Maddin & Son?

A. No.

Q. Your company?

A. Yes. When I say we represent them, we buy all our anthracite coal from them.

Q. The Empire Coal Company?

A. I have heard of them, but don't know them.

Q. Consolidation Coal Company?

A. They are an American company but I don't know anything about them.

Q. Do you know who is representing the Hudson Coal Company?

A. I think the Weaver Coal Company represent them, as well as our own company, in Montreal.

Q. And the Anthracite & Adair, representing the Hudson Coal Co.?

A. I never heard of it.

BY THE CHAIRMAN - When you say you represent a coal company, you buy your coal from them?

A. There is a contract between Weaver and ourselves.

BY COMMISSIONER McLAURIN - Giving you exclusive representation in the territory?

A. Yes.

EXM. BY MR. DROUIN (continued)

Q. Do you know the Pilson Company?

A. I have heard of them.

Q. Do you know if Weaver Coal is representing them?

A. I don't know, Sir.

Q. Now you told us that you were owning Maddin & Son Ltd.?

A. Yes sir.

BY THE CHAIRMAN - In what company do you own Maddin & Co.?

A. Canadian Import.

EXM. BY MR. DROUIN (continued)

Q. You are the agents of the Dominion Coal in Quebec?

A. No. That was gone through in a previous statement. We buy our coal from them.

Q. But you produced at the first inquiry a contract with them?

A. Not an agency contract. I think that is right, Mr. Frawley?

BY MR. FRAWLEY - I don't think it was filed as an Exhibit because it contains prices.

BY THE CHAIRMAN - Those things that contain prices are filed but not marked?

BY MR. FRAWLEY - Yes, filed, but not put on the record and given an Exhibit number.

BY MR. DROUIN - But that contract was shown to me?

A. Yes.

Q. And could I see it once more.

BY MR. FRAWLEY - I don't know what position I should take.

BY THE CHAIRMAN - I don't know why he is not entitled to see it. It may shorten this thing up, for one thing. Of course he is not to interpret the contract. It was produced here and I think he has seen it already.

BY MR. DROUIN - Yes, but he told us he had in his possession..

BY THE CHAIRMAN - I am not talking of production and marketing. But you have seen this?

BY MR. DROUIN - Yes.

BY MR. FRAWLEY - He had it for a minute or two.

BY MR. DROUIN - I am under the impression that Mr. Stobo is not saying exactly the same thing that was told to us by him. He told us at the first Sittings that they were the agents of Dominion Coal, and now I want to assert whether they are the agents or not.

BY THE CHAIRMAN - He says they are not.

BY MR. CAMPBELL - I am associated with Mr. Taschereau. The

document which regulates the relations of these two companies has been launched with the Commission. My friend Mr. Drouin has seen it. I don't think the public are interested, and my submission is that the public are not interested in the details of that contract. If there is anything in it that concerns the public, the members of the Commission have that already. But whether it is an Agency Contract or a contract to buy coal, the Commission will interpret the contract. I suggest that is the proper answer to the question. The contract defines the relations of the parties.

BY MR. DROUIN - Have I not the right to have the contract?

BY THE CHAIRMAN - Yes, but you are not to make it public.

BY MR. FORSYTHE - There is a document which I understand the Commission has that regulates the relations between the Dominion Coal Company and Import Company. That document will speak for itself.. So far as I am concerned, with the greatest admiration and respect for Mr. Stobo, I would rather have the Commission interpret the document. I certainly won't accept Mr. Stobo's interpretation necessarily.

EXM. BY MR. DROUIN (continued)

Q. The 11th clause. You would like to see the document Mr. Stobo?

A. Yes, I would like to see it. What is the question?

Q. The question is, you have taken knowledge of clause 11, and don't you agree that you have the exclusive right of sale of the coal of Dominion Coal in Quebec except to Maddin & Son and the other companies that are stated?

BY THE CHAIRMAN - Is that not interpreting the contract? Are you not asking him to interpret it?

A. Yes, because he told a few minutes ago..

BY THE CHAIRMAN - He said frankly to that, he didn't know, that the contract was there to speak for itself. Suppose they have the exclusive right of sale in this district, what then?

BY MR. DROUIN - If the contract speaks for itself, and it is not produced..

BY THE CHAIRMAN - It is there.

BY MR. DROUIN - Mr. Frawley told us it was not produced.

BY THE CHAIRMAN - It is in the hands of the Commission, and that is production enough so far as we are concerned.

BY MR. DROUIN - I am ready to leave that to the Commission except this point..

BY THE CHAIRMAN - There are a good many things we don't know anything about, but a few things that we do.

BY MR. DROUIN - I would like to have the right to arguo on this clause.

BY THE CHAIRMAN - We will get your argument on it if it has any bearing on it. I would like to put the question to you again. Suppose the Dominion Coal Company has appointed an exclusive agent for the selling of their coal in the city, what is wrong with that?

A. I would not say it is wrong. We take the position that in the district of Quebec we were only able practically to buy coal..

Q. Who?

A. Our clients.

Q. And what is wrong about that?

A. If they are not able to get coal, if it is not wrong what can I do.

Q. Are the people of Quebec getting coal, or before the war were they getting pretty good service? This is an old agreement.

BY MR. FRAWLEY - Yes, 1935.

BY THE CHAIRMAN - From 1935 to 1939 or 1941 until the Coal Control took charge , was there good service given to the people of this district of Quebec?

A. That is another point. If the Commission comes to the conclusion the only point..

Q. I am asking about this particular thing now.

A. I am right or wrong - if the Commission tells me that it is usual to make the proof of the control, well...

Q. I am not saying anything about it. I am more interested in the results of control, if there is control, how it affects the public, not any individual.

A. The public of course, but does the control, is not the control

detrimental to our interests, to the public interests?

Q. I don't know. I have asked you that question several times, and when I am talking about interest, I am talking about service.

A. If the only question before the Commission is this one, if people are satisfied with the service, well it will shorten my inquiry.

Q. I don't know what you mean by a point being before the Commission. I have asked you this morning what are the things that you expect to prove.

A. I am sorry, I don't want to be too much insistent, but I tell you frankly here is the position we are taking.

Q. All right, go ahead.

EXM. BY MR. DROUIN (continued)

Q. If I understand, the Chairman of the Commission said it was a question of interpretation. O.K. Where are you buying your bituminous coal, Mr. Stobo?

A. When?

Q. Where?

A. You mean today?

Q. Since a few years?

A. From a great many places. Some from the Dominion Coal, and a great deal from the States.

Q. You were a witness, or you presented a brief in Montreal?

A. Yes.

Q. For your Company, Canadian Import?

A. Yes.

Q. And I see that on page 3368, Volume XXXVII, of the Records of the Commission, that you gave to the Commission a statement of the tonnage delivered through your coal towers from 1934 to 1939?

A. That is right.

Q. You gave us from 1934 to 1939, every year, qualtities of Sydney coal and other bituminous. What was the other bituminous?

A. Different grades of coal, mostly American. I would say 100% American coal as far as my memory would serve me. That is tonnage

received by water through the plant.

Q. Only water tonnage?

A. We are speaking of discharging I think. We are speaking of discharging the fast plant operating, and it says in addition to coal a considerable quantity of lead, concrete, etc.. "Following is tonnage handled through the coal towers from 1934 to 1939 inclusive". That is water operation.

Q. Have you given Montreal any statement regarding the car tonnage?

A. No.

Q. Railway tons?

A. I don't think so.

Q. What kind of bituminous is specifically mentioned there?

A. If it is not Sydney coal, it would be American coal.

BY THE CHAIRMAN - As a matter of fact during the war your supply of what is known as Dominion coal was coming from the States, most of it?

A. We bought our American coal direct.

Q. Very little Dominion coming in by boat during the war?

A. Very little,

BY MR. FRAWLEY - But Dominion had nothing to do with your purchase of American coal?

A. Nothing whatever.

EXM. BY MR. DROUIN (continued)

Q. I see in 1939, 38,105 tons of Other Bituminous Coal. Can you tell us what kind of bituminous?

A. American. That was for some of the pulp companies that we handled it that year. As far as I know we didn't handle anything but American and Sydney by warer, Sir.

Q. Bought from which companies?

A. What do you mean?

Q. Other bituminous?

A. This is not a question of buying coal, but of discharging coal.

Q. For the St. Lawrence Stevedoring Company?

A. For anybody. It is a question of what we discharged for ourselves, and the public, and anybody else that wanted us to. Nothing to do with the purchase of coal or anything else like that.

Q. Are you buying Minto?

A. I would say no. We may have had a few cars once in a while, distress cars.

Q. What is the exact quantities of Minto?

Q. For how many years?

Q. Last year?

A. Ten cars.

Q. It would be how many tons?

A. I would say 450 tons.

Q. Are you selling that coal as Minto?

A. Selling it as slack coal.

Q. What is the price you are selling that slack coal at?

A. I will get you that information if you wish. I have not got it here.

Q. Have you any idea?

A. It was not sent out as Minto by itself, it was blended.

Q. It was?

A. Yes, for some of the larger mills and larger consumers.

Q. Was the blending made by you, by your company?

A. Yes.

Q. What kind of blend did you make with the Minto?

BY THE CHAIRMAN - What kind of coal did you blend with Minto?

A. American slack.

EXM. BY MR. DROUIN (continued)

Q. American slack?

A. Yes.

Q. That is soft coal?

A. Yes.

Q. What was the product of that blend?

A. A slack coal.

Q. And it was sold in the market as slack coal?

A. Yes.

Q. When will you be ready to give me the price?

A. Tomorrow morning.

Q. Not this afternoon?

A. I might find it if you get through with me.

Q. Are you buying coal from the district of Pictou?

A. No.

BY THE CHAIRMAN - Acadia coal?

A. No, that is a Dominion coal operation, is it not?

Q. No, controlled by Dosco.

A. We have not had any of that.

EXM. BY MR. DROUIN (continued)

Q. Or Pictou, Thorburn?

A. Never heard of it.

Q. Bras d'Or?

A. Yes, a small quantity.

Q. Indian Cove?

BY THE CHAIRMAN - Ever get any Bras d'Or oiled coal?

A. Stoker coal?

Q. Yes?

A. I think we had a car to try it. It is a specially prepared coal. It is pretty good, but a little expensive.

EXM. BY MR. DROUIN (continued)

Q. Indian Cove?

A. If that is the Sullivan mine, we have. We have not bought from Indian Cove.

Q. Joggins River?

A. No.

Q. Inverness and Port Hood district?

A. No.

Q. Regarding the Bras d'Or coal, are you selling that coal on the market, or are you blending it?

A. It is blended.

Q. With?

A. With slack coal, American slack.

Q. Like the Minto?

A. Yes, about the same.

Q. To produce slack coal?

A. Yes.

BY THE CHAIRMAN - It is hardly blended to produce slack coal?

A. Both are slack coals.

EXM. BY MR. DROUIN (continued)

Q. Where is it blended Mr. Stobo?

A. On our dock as it is shipped out.

Q. Who is blending?

A. Who is in charge?

Q. Yes?

A. Our Foreman.

Q. Who is he?

A. Mr. Fournier.

Q. Are there others?

A. No, he would be in charge of that. The Commission will understand that for five years we have had to get coal where we could, and the coal has never been blended in such a way as to be detrimental to the quality of the coal.

Q. It was done also before the war?

A. No.

Q. No blending at all?

A. Not of sleak coal. We got some Bras d'Or mine-run and screened coal which we used in connection with local bunkers.

BY THE CHAIRMAN - Was there not some regulation of Coal Control about blending?

A. During the war, yes sir.

BY MR. FRAWLEY - That is purely domestic?

A. No. Any of this coal has not been blended for the City of Quebec. If that is what you are trying to prove, that coal is blended for institutions. This is done where we are selling twenty or twenty-five thousand tons.

Q. The blanding as far as coal control, was confined to domestic

coal?

A. I would say yes. But we have blendings regarding bituminous later on. Anything that could be done to increase the tonnage, we were asked to do, and the receivers were asked to co-operate in the same line.

EXM. BY MR. DROUIN (continued)

Q. Was there any blending done during the war, first regarding anthracite?

A. The only blending that has been done with anthracite is in accordance with the Fuel Control Ordinances.

Q. What kind of blending?

A. We had to put in 25% of Class E fuel with the anthracite and bickwheats.

Q. Who was doing the anthracite blending on your wharf?

A. It is not blended at all. The class E-2 is loaded first and the class A afterwards. They are loaded in separate spots on the dock; not blended by us.

Q. And there is a screening plant there?

A. Yes.

Q. And the coal is loaded up in the screening plant?

A. There are pockets in the screening plant, and chutes.

Q. Who is working there?

A. Mr. Fournier, our Foreman.

Q. The same as you mentioned regarding soft coal?

A. Yes.

Now Mr. Stobo, of course there were quotas during the war?

A. Yes.

Q. Have you the list of quotas or allotments to other merchants here in Quebec?

A. The list I have covers all our customers, and I have not had time to - I do not see any necessity to disclose our customers all through the Province of Quebec. We can have a copy prepared for you, this is the report we send every month to Ottawa.

Q. What is the allotment for Gingras?

A. 748 tons of prepared sizes, and 1080 tons of buckwheat. That is based on the past quantity tonnage less the deductions ordered by Ottawa.

BY THE CHAIRMAN - Is that this year?

A. That is 1944-45. That is 1944, and 659 tons prepared sizes and 960 tons of buckwheat.

Q. That is 1945?

A. Yes.

EXM. BY MR. DROUIN (continued)

Q. And in 1944?

A. The previous year.

Q. That is what you mentioned a few moments ago?

A. Yes.

Q. What is the quota of Chartier?

A. The one I have here?

Q. Yes?

A. I think he got a little more than he was entitled to. There was a slight mistake made in our figures. In 1945, 6981 tons of prepared sizes, and 4542 tons of buckwheat. That is the coal year 1945-46, and the other is for 1944-45. The first is 1944-45 and the other is 1945-46.

Q. You only gave me one year for Chartier?

A. The previous year for Chartier was 7635 tons of prepared sizes and 5109 tons of buckwheat.

Q. Now Maddin & Son?

A. For 1944, 2277 tons of domestic and 6034 tons of buckwheat, and in 1945-46, 2247 tons of domestic and 5363 of buckwheat.

BY THE CHAIRMAN - What is the purpose of this?

A. In our brief we complain that we do not get our quota and that they were distributed to the others and to the subsidiaries of Canadian Import.

Q. Why don't you call Coal Control if you were not sure of whether your clients got their quota or not?

A. They told me they didn't.

Q. Did they know what quota was granted to them?

A. Yes.

BY MR. FRAWLEY - Against whom was the complaint directed?

BY MR. DROUIN - We discussed that, and in our brief you will see the complaint was made against those who were making the distribution in Quebec, in fact the Canadian Import.

Q. The quota is fixed by Coal Control?

A. Yes.

BY THE CHAIRMAN - But he says they didn't get the quota that was alloted to them?

BY MR. FRAWLEY - Then he is complaining against the suppliers.

BY THE CHAIRMAN - We have not heard any evidence of that.

BY MR. FRAWLAY - That is what he is developing now, apparently.

BY MR. DROUIN - I am making the proof of that.

EXM. BY MR. DROUIN (continued)

Q. What was the tonnage delivered by your Company to Maddin & Son for 1944, speaking of anthracite?

A. This is not a complete year. I brought this to give you an idea of the quotas. I cannot give you the yearly deliveries from here.

Q. You will remember I asked you in your statement to show sales of coal to Maddin & Son and other companies, showing especially the number of tons of all sizes and kinds delivered?

A. Whatever they got on that statement, that will show the coal they got for the coal year, but this shows from month to month. Whatever they got in that statement is the coal they got according to their quota.

Q. Have you that statement?

A. Yes.

Q. Will you show it to us?

A. Yes. What part of your subpoena does that refer to? My legal advisor has not seen this yet.

BY MR. CAMPBELL: - I think there is no objection to the Commission having the information. But I am raising the objection as to whether it is information that needs to be broadcast from

the housetops. We are willing to give the Commission whatever it desires within the scope of its inquiry, but I think a great deal of it should not be broadcast, and the proper procedure would be for the witness to make a statement and file it. The information being sought is how much coal was alloted to every particular dealer. Presumably he is going through the list. Is it proper to give publicity to the tonnage which every dealer has received from Canadian Import during any particular coal year? My submission is it is not proper information to broadcast from the housetops.

BY THE CHAIRMAN - It is public property.

BY MR. CAMPBELL - While it is on record in Ottawa, no doubt it is not on record in such a way that it is given wide publicity. Should we disclose the details of all our customers business?

BY THE CHAIRMAN - I would think so, because you may not hav been living up to the quotas.

BY MR. CAMPBELL - I would agree that he can be asked any specific instances, but my objection is to disclosing generally figures between Canadian Import as wholesalers and our customers. It is possibly more objectionable from the customers point of view, but I don't think we should give unnecessary publicity to our customers business.

BY THE CHAIRMAN - It is difficult for us to say what is necessary and what is not necessary in the course of this inquiry. If Mr. Drouin says he has a point to make on this, and can show that the Import Company, or any other company, was not distributing the quotas properly..

BY MR. CAMPBELL - That is right, but my objection is to any general broadcast of the quantities supplied by Import to their customers generally.

EXM. BY MR. DROUIN (continued)

Q. Well Mr. Stobo, I want to know what is the total tonnage, an have you any statement to that effect, total tonnage delivered to Maddin & Son, Quebec Coal, and Lane & Robitaille, by your Company

A. I have not it prepared in that manner. That was not what you asked for. I would be glad to do what you asked me there. It is Item No. 6. I can give you that in two minutes.

Q. This says here, Maddin & Son, Quebec Coal and Lane & Robitaille and other licensed coal dealers, showing especially the number of tons and size of coal delivered.

A. You asked me if I prepared for the three companies. I prepared for all the companies.

Q. Have you a statement?

A. Yes, I will show it to my solicitor.

BY MR. FORSYTHE - While Mr. Stobo is conferring with his Solicitor about that. This must relate entirely to anthracite coal.

BY MR. STOBO - No, it is bituminous coal.

MR. FORSYTHE TO MR. STOBO - There are no quotas on bituminous coal, are there?

A. No, but they asked for all the coal delivered.

Q. All I am saying is that if there is a complaint about not meeting the quota, or exceeding the quota, it must be with respect to anthracite.

BY MR. NEATE - Yes.

BY MR. FORSYTHE - Now I don't see how the Scotch Anthracite Coal Company can be involved, and so far as Dominion Coal Company is concerned, I don't see how they can be involved.

BY MR. DROUIN - There is no quota on soft coal.

BY MR. FORSYTHE - That is what I have been saying, and if your point is that the quotas were not met, or exceeded, by Canadian Import, I am suggested that the Dominion Coal Company is probably not interested in that, and I wonder if we could have a time set when something of interest to us was to be discussed here.

BY MR. FRAWLEY - I don't think you can tell from five minutes to five minutes.

BY THE CHAIRMAN - You would be interested in anthracite.

BY MR. FORSYTHE - I don't care who Mr. Stobo sells Scotch anthracite to, and if I can be excused from having to listen to

it for a period of time, I would be glad to accept the excuse.

BY THE CHAIRMAN - I don't think we have any control over that.

BY MR. FORSYTHE - We have Mr. McLanders and Mr. Appleton here from Dominion Coal Company, and I am here, and if we are going to have to sit around here for a day listening to Mr. Stobo as to what he did with his anthracite coal, I think we could all be more profitably occupied.

BY MR. FRAWLEY - It looks that way Mr. Forsythe?

BY MR. FORSYTHE - It sounds that way.

BY THE CHAIRMAN - I don't think Mr. Drouin will be very long on this question, so far as I can understand.

BY MR. DROUIN - Not very long, but my confrere wants to know if he will absent himself, but he is so intelligent that I think it is better for him to be here.

BY MR. CAMPBELL - My objection is that the witness has prepared a list giving all the customers with the quantity of every kind of every particular grade of coal which they purchased during these stated coal years.

BY THE CHAIRMAN - That is not confined to anthracite.

BY MR. STOBO - No, there is bituminous in that. This is the report we send to Ottawa giving the extract of this as of March 31st for the two years which are the coal years.

BY THE CHAIRMAN - You will be satisfied with that, Mr. Drouin?

BY MR. DROUIN - I will be satisfied with that, but have you got the last year?

BY MR. STOBO - There are two years here.

BY MR. CAMPBELL - The general disclosure of all the business of all our customers is what I suggest is objectionable.

BY MR. DROUIN - I do not see what is the objection.

BY THE CHAIRMAN - He is suggesting to you now that he prepare for you the things you asked for in your subpoena and hand them over to you, and it refers only to anthracite.

BY MR. STOBO - And it is a copy of the report we send monthly to Ottawa.

BY MR. DROUIN - I want to know also the bituminous coal?

BY MR. STOBO - There is no quota on that.

EXM. BY MR. DROUIN (continued)

Q. But you are preparing a statement regarding the anthracite, and we are talking about anthracite at the present moment, but what would be the use of preparing a statement - what kinl of statement have you prepared?

A. This is anthracite.

Q. Anthracite only?

A. Yes. Where the quotas are.

Q. Well we will stand by that for the moment. The statement you are preparing will show us the quantities of anthracite delivered to Maddin & Son?

A. To all the dealers in Quebec under the quota.

Q. And that statement will be filed as an exhibit?

BY MR. FRAWLEY - Is it to be an exhibit. The document is a copy of what you supplied to Coal Control.

BY MR. STOBO - What I had prepared was a little different. Now I think the simpler way would be to file what is the official record in Ottawa, and this is correct as far as quotas and everything else is concerned.

BY COMMISSIONER McLAURIN - It is not to be filed. Let Mr. Drouin see it.

BY MR. DROUIN - I want the statement to be in the hands of the Commission of course. It is indifferent to me whether it is an exhibit or not.

BY THE CHAIRMAN - Ordinarily you would be entitled to make it an Exhibit and it would be public records having got it by subpoena, but on the other hand it is the easiest way out of this thing to carry on with those things being given to the Commission.

EXM. BY MR. DROUIN (continued)

Q. For how many years did you prepare the statement, Mr. Stobo?

A. I think it is three years since the quotas came in.

Q. Since 1941?

A. Since the quotas went into effect.

Q. Now I asked you also to prepare us a statement regarding soft coal delivered to all the coal dealers in Quebec?

A. Where is that?

Q. Clause 6 I think. (Reads section).

BY MR. CAMPBELL - That is the precise purpose of my objection. I suggest that that is information which, while we are very glad to file it with the Commission, we should not broadcast all the details of our customers business.

BY THE CHAIRMAN - Your point is that he is not to ask now, how much did Maddin get, and how much did this fellow get?

BY MR. CAMPBELL - That is my point.

EXM. BY MR. DROUIN (continued)

Q. Who has that statement Mr. Stobo?

A. There will be prepared two statements. It will be ready for you tomorrow.

Q. Now Mr. Stobo who is doing the carting for your company?

A. Nolis & Fils?

Q. Is he doing the whole of the carting?

A. I would say 99%.

Q. And he has a contract with your company, a contract that was filed at the last Hearing?

A. Yes, that is right.

Q. I don't remember the exhibit.

A. It was filed in any case by Mr. Nolin.

Q. What is the price you are paying to Mr. Nolin according to the contract?

A. A great variety, by zones in the City.

Q. Are you not paying more to Mr. Nolin than any other coal merchant in Quebec?

A. I hope not.

Q. What interpretation do I make of that?

A. If we were, we were very bad business men.

BY THE CHAIRMAN - You mean the rates?

A. Yes, I think we get cheaper cartage than anyone else.

EXM. BY MR. DROUIN (continued)

Q. He is a dealer in coal, Mr. Nolin?

A. Yes.

Q. Now Mr. Stobo who is delivering coke to your company?

A. You mean, where do we buy coke?

Q. Yes?

A. We buy our domestic coke from the LaSalle Coal Co. in Montreal, and Quebec Power Company.

Q. Have you a contract with the Quebec Power Company?

Q. No contract.

Q. On what basis is the work done?

A. We buy our coke at an ex-plant price.

Q. I don't want to know the price.

A. So much at the plant.

Q. Sold without contract?

A. We have a letter here we have no objection to filing.

Q. You have a letter?

A. Yes.

Q. I thought you told me there was not a contract at all?

A, Well if you call it that. It is a confirmation of order.

BY MR. CAMPBELL - Is the price mentioned?

BY MR. STOBO - Standard prices. No price mentioned I don't think.

BY MR. CAMPBELL - I will give the communication and documents to Mr. Drouin but I doubt if they will be of much interest to him. They are very much like the other contracts.

BY THE CHAIRMAN - No specific prices?

BY MR. CAMPBELL - I don't notice any.

BY MR. STOBO - There are no prices mentioned. I would be glad to explain our position.

BY MR. CAMPBELL - We are not interested in prices Mr. Stobo.

BY MR. STOBO - It happened to cost us a lot of money, that contract.

EXM. BY MR. DROUIN (continued)

Q. Mr. Stobo, I see a letter coming from the Quebec Power Company,

May 31st, 1945, addressed to your company, saying that they are withdrawing supplies of coke on or about June 30th, 1945.

A. If that is what it says, it is correct.

Q. And the letter continues "During the past year we have supplied coke to the following dealers, A. J. Chartier, Royer, Falardeau" and the letter continues saying those dealers are being advised of our withdrawal as suppliers of coke. As a matter of fact have they withdrawn from the coke business?

A. They would better answer that. That is all we can get from them. They have other plans for their coke, as I understand it.

Q. At the moment are you supplied with coke by them?

A. No, any little coke we get from them at this time is reserved for the Bakeries, just a small tonnage.

Q. And it is coke from Quebec Power?

A. Yes, it may be extinguished by this time, because we are bringing coke now from Montreal for the bakeries.

12:00 o'clock noon - Hearing adjourned until 2:00 P.M.

2:00 P.M. HEARING RECONVENED

MR. STOBO RESUMED THE STAND / EXM. BY MR. DROUIN (continued)

Q. From Montreal, from LaSalle Coke?

A. Yes sir.

Q. Can you give me what is the exact quantity of coke you bought from Quebec Power since a year?

A. I would think in the vicinity of 4000 tons, between 3500 and 4000 tons.

Q. And from LaSalle Coal?

A. We have bought no bakery coke yet. It is coming in now because the other is finished.

Q. Personally do you know why the Quebec Power does not want to get in that line of business any more?

A. I would not know that.

Q. You don't know?

A. I think I know, but I would not base an opinion on it.

Q. You don't know?

A. No.

Q. Mr. Stobo, do you know a company by the name of Iron Fireman Company?

A. Yes.

Q. From Montreal?

A. Yes.

Q. Is your company interested in this company?

A. Not directly.

Q. But indirectly? To refresh your memory, is it not a fact that Farquhar and Robertson are owning that company?

A. I didn't hear that, no.

BY MR. CAMPBELL - They don't own it?

A. No.

EXM. BY MR. DROUIN (continued)

Q. When you say you are interested not directly, but indirectly?

A. Indirectly through Farquhar-Robertson.

Q. What interest has Farquhar-Robertson in that?

A. I think that question had better be answered by Montreal, because I have no personal knowledge of that.

Q. Whom in Montreal?

A. Mr. Aird.

Q. Farquhar-Robertson is one of your subsidiaries?

A. Yes.

BY MR. FRAWLEY - There is some connection between Farquhar-Robertson and Iron Fireman?

BY MR. CAMPBELL - Yes. They don't own it at all, it is owned in the United States.

EXM. BY MR. DROUIN (continued)

Q. This morning you had a statement prepared, if I understand well, of all anthracite and bituminous coal delivered to the coal dealers in Quebec?

A. Yes.

Q. And at the moment you would prefer to cut that document, if I may so express myself, and make two distinct statements, one for anthracite and one for soft coal?

A. Right.

Q. Have you the complete document including soft and anthracite?

A. Yes.

Q. Will you show it to me?

A. Yes.

BY MR. CAMPBELL - That is the subject of the objection I made this morning. This list contains the names of all the dealers with quantities of coal supplied to all the dealers in this district by Canadian Import, and I am raising the question as to whether this is proper. We have no objection to filing it with the Commission.

BY THE CHAIRMAN - That was understood before lunch.

BY MR. CAMPBELL - Mr. Drouin is going into it again?

BY THE CHAIRMAN - I don't think he is going to spread the names on the record.

BY MR. DROUIN - No, but I want to consult it.

BY MR. CAMPBELL - Subject to the understanding that he is not going into the figures.

BY THE CHAIRMAN - So far as our record is concerned.

BY MR. CAMPBELL - We must protect ourselves from being criticized by our customers, about disclosing their business.

BY THE CHAIRMAN - I don't think your objection is well founded. We have nothing to do with keeping back anything because it will injure a customer.

BY MR. CAMPBELL - No, but the question is, is it a matter of public interest?

BY THE CHAIRMAN - That is it.

EXM. BY MR. DURION (continued)

Q. This statement is covering the years 1937-38, 1938-39, 1939-40, 1940-41, 1941-42, 1942-43, 1943-44 and 1944-45?

A. Yes.

Q. It is a statement covering the total of tons, whether bituminous or anthracite, and as I see you make a special column for buckwheat?

A. Yes.

Q. Of all quantities delivered to the coal dealers in Quebec?

A. By us. We have gone back further than most of our records, to 1937 our records are fairly complete.

Q. Will you please file that statement as Exhibit No. 280?

BY MR. CAMPBELL - My objection is, once it is filed as a statement is it a matter of public notority. We have no objection to the Commission, or my learned friend, being informed of what is in the statement, but I don't see that it is a matter of general public interest.. I am not clear that I understand the exact implication of it becoming an Exhibit. I understand from being filed they can look at it and obtain the information they wish.

BY MR. DROUIN - If I understand well the objection of my confrere, he has no objection that it be used by the Commission and by myself for the ends we are pursuing it, but does not like that it be a matter of publici y.

BY THE CHAIRMAN - The fact that it is marked as an exhibit does not give it any more publicity as far as the Commission is concerned than if it is just filed. But as I understand your objection, you don't want the contents spread on the minutes.

BY MR. CAMPBELL - That is right. Is it really a matter of public inquiry?

BY THE CHAIRMAN - It may develop into that, it depends on what argument he makes on it.

BY MR. DROUIN - I want the witness to file that as an Exhibit.

BY MR. STOBO - This contains everything he has asked for up to now.

BY MR. CAMPBELL - Takes the place of the other statement.

BY MR. DROUIN - The other is to be divided?

BY MR. CAMPBELL - It is here in separate columns.

BY MR. STOBO - It contains more than the statement I would give you tomorrow.

BY MR. DROUIN - We would have to add the two columns of buckwheat and anthracite to get the anthracite?

BY MR. CAMPBELL - It is all there.

BY MR. STOBO - I could not give you any more than is on that statement.

BY THE CHAIRMAN - I suppose your purpose in getting that is to get as far as you can the amounts of coal that pass through the Import Company.

BY MR. DROUIN - Yes, for the coal dealers of Quebec.

BY MR. STOBO - That is not a correct statement as far as his client is concerned. A lot of your client's business was put through our books at his request, and is not shown there. He got more coal than is in our statement.

BY MR. CAMPBELL - Is this the coal you sold him?

BY MR. STOBO - Yes, direct, but other coal was handled in a different way on account of certain reasons, for him. But that does not represent all Mr. Gingras got in the last three years. It will take a little time to make it up, if you wish us to make it up and take all our retail quantities and add onto his. It is very easy to do it.

BY MR. BOUFFARD - He was good enough this morning to tell me that so far as the coke industry is concerned he would telephone Mr. Dawson and myself when he was ready to deal with us. But I understand he is cross-examining Mr. Stobo in regard to coke.

BY MR. DROUIN - Yes, and we will call Mr. Dawson when we need him.

BY MR. BOUFFARD - May I be permitted to leave then?

BY MR. DROUIN - Yes.

EXM. OF MR. STOBO BY MR. DROUIN (continued)

Q. Now Mr. Stobo, I am referring to a few questions which I put to you this morning. Regarding the Pascoe people in England, I understand that the Canadian Import directly has nothing to do with Pascoe?

A. How do you mean? We have nothing to do with them, no.

Q. Your company?

A. No.

Q. But your Company in Montreal has something to do with Pascoe?

A. In what way?

Q. You buy coal from them?

A. Oh yes.

Q. And the Weaver Coal too?

A. They can speak for themselves.

Q. Regarding slack, anthracite slack, you are buying anthracite slack?

BY THE CHAIRMAN - Is that what they call anthracite screenings?

BY MR. DROUIN - Yes.

BY MR. STOBO - No.

EXM. BY MR. DROUIN (continued)

Q. You don't buy any anthracite screenings?

A. No.

Q. Are you selling anthracite screenings?

A. On occasions, yes.

Q. You are making anthracite screenings?

A. Not very much. When we had Welsh coal we made quite a lot.

Q. With what did you make them?

A. With screenings of anthracite coal.

BY THE CHAIRMAN - In a carload of anthracite there is always some screenings?

A. Not a great deal. When we brought coal in by water the degradation was greater, but that brought in by rail, there might be some buckwheat in it.

EXM. BY MR. DROUIN (continued)

Q. You are selling anthracite screenings?

A. Yes, in small quantities.

Q. To whom?

A. Various customers.

BY THE CHAIRMAN - To those who have blowers?

A. We sell a very small quantity. Now that the Welsh has gone we don't sell very much. But we still have some customers that take a mixture of anthracite screenings or anthracite barley with soft coal to keep down the smoke nuisance. When we had the screenings it was of course cheaper, but when the barley goes in it is not.

EXM. BY MR. DROUIN (continued)

Q. To whom are you selling anthracite screenings?

A. I said to various customers. I would have to get you the names, I can get you them if you wish.

Q. You have no objection?

A. If the Court wants to know the details of the people in Quebec, I will give it to them.

BY THE CHAIRMAN - What is the idea Mr. Drouin?

A. We want to prove the blending, mixture.

Q. For the purpose of showing that they are selling their screenings at a bigger price, or something of that kind?

A. At the same price.

BY MR. STOBO - Your own client knows that. He has bought them from us. We will show you his record.

BY THE CHAIRMAN - I just don't see what it is about.

BY MR. STOBO - They are kept separately in our books, and charged up separately.

EXM. BY MR. DROUIN (continued)

Q. Have you it there?

A. You have not asked for it. It is my memo.

Q. Will you file that tomorrow.

BY THE CHAIRMAN - Are there costs there?

BY MR. STOBO - No. I have no objection to filing it if our counsel has no objection. This is some of the information they asked for.

BY MR. CAMPBELL - Yes, there are no names given.

EXM. BY MR. DROUIN (continued)

Q. Are you receiving coal briquettes?

A. Yes.

Q. What are you doing with them?

A. They are brought in for the Department of Munition & Supply, and we handle them for the Munition & Supply Dept., for the arsenals, military.

Q. Do you say you never use them to be blended with other kinds of coal?

A. Yes, as Class C fuel, to fulfill the ordnance at Ottawa.

BY THE CHAIRMAN - Where do they come from?

A. Buffalo.

Q. Not from the West?

A. No.

EXM. BY MR. DROUIN (continued)

Q. Have you ever blended the screenings of the briquettes with the Sydney coal?

A. No.

Q. Never?

A. Never.

Q. What is the total tonnage Mr. Stobo of coal received from the Amalgamated Collieries?

A. When?

Q. Since, well a few years before the war, and since the war? I want to make comparisons.

BY MR. CAMPBELL - You are speaking of Quebec?

A. Yes.

BY MR. STOBO - Before the war we brought in 95% to 98% of Welsh buckwheat, whereas we have very little now. And as far as prepared domestic sizes I would say the quantities before screenings around 25 to 30 thousand tons, which would represent in prepared coal perhaps one-third less than that.

BY MR. FRAWLEY - What do you mean by 98%?

A. I say we brought in about 100,000 tons to this market.

EXM. BY MR. DROUIN (continued)

Q. And since the war?

A. Practically nothing.

Q. What is practically nothing?

A. Perhaps this year we may have had 1000 to 1500 tons. Those are just rough figures.

Q. During the war you bought the soft coal generally from the United States?

A. Yes.

Q. From which company?

A. A variety of companies; not only one company, probably a dozen different companies.

Q. Did you buy some soft coal from the Consolidation Company?

A. I think so, yes.

Q. Have you a list of the companies where you are buying your soft coal since the beginning of the war?

A. I could prepare it.

Q. Can you mention some of those companies?

A. Consolidated Coal Company. I think it better for me to get you the list. Pittsburg & Shamalt.

Q. Will you prepare this for tomorrow morning?

A. It depends on how long you keep me here today.

Q. I want to know regarding that Consolidation Company, I want to know just one statement from you. From which companies generally have you bought soft coal in the United States since the beginning of the war?

A. That will be very easy to prepare.

Q. But what is the chief company from which you have bought?

A. I could not tell you who we got more from one than another, but I will have a statement prepared.

Q. For the quantities?

A. I can't get that ready for tomorrow morning.

Q. The day after tomorrow morning?

A. Perhaps. It is a lot of work you know. What is it you want?

Q. The American suppliers and quantities since the beginning of the war.

A. Yes.

Q. Now Mr. Stobo regarding that company, the Colsolidated company, is it a company from New York?

A. I think so.

Q. Has the Estate of Senator Webster any interest in that company?

A. None whatever.

Q. Your company also has no interest?

A. None whatever.

Q. You are buying stoker coal too?

A. Oh yes.

Q. From where?

A. From the States. Probably the same companies we buy our other coal from.

Q. Would you include your buying of stoker coal during the war?

A. They would be included in that statement.

Q. Now I am reverting to the days when you were a witness in November last. At a certain moment Mr. Stobo, if you remember, I put to you one question regarding the wharves in Quebec, and you designated yourself as a wharf that could be used for coal purposes the wharf situated near Shed 27. Do you remember that?

A. There was a qualification.

Q. What kind?

A. If the Harbour Board would permit coal to be landed there.

Q. Did you ask about that wharf?

A. No.

Q. But why are you using that qualification?

A. You asked me if there was a wharf where coal could be landed.

Q. But you never asked about that wharf?

A. No.

Q. What is the price exacted by the St Lawrence Stevedoring Co. from Canadian Import for unloading coal?

BY MR. CAMPBELL - The usual objection, Mr. Chairman, are we interested in publishing this price? The same principle exactly, whether there should be any publication. We don't mind furnishing that information to the Commission.

BY THE CHAIRMAN - There is no competition.

BY MR. DROUIN - There was a question of price in the first days of the Sittings. I quoted some price, so much a ton, and of course there was no objection, and I want to correct that situation now.

BY THE CHAIRMAN - Do you mean you were wrong?

BY MR. DROUIN - I gave a price myself of 15¢ a ton, and of

course after that I realized that it was probably more than that, and I want to correct the situation.

BY THE CHAIRMAN - Perhaps he is quite satisfied to accept your figure.

BY MR. DROUIN - I was perhaps satisfied at that time, but I am no more satisfied.

BY MR. STOBO - I think at that time I said we charged current rates, the prevailing rates.

BY MR. DROUIN - But what were the prevailing rates?

BY THE CHAIRMAN - When you come to a question of that kind, the rates for stevedoring paid I would think are much in excess of what they were three or four or five years ago?

BY MR. STOBO - As far as we are concerned they are not.

Q. Have not wages gone up?

A. Yes, but our rates have not gone up.

BY MR. CAMPBELL - Our profits have gone down.

BY MR. FORSYTHE - Our losses have increased.

BY MR. STOBO - Can we say we do not charge the Stevedoring any more than we would charge your client or anybody else to have their coal discharged.

BY THE CHAIRMAN - You have the same rates for everyone?

A. Yes.

BY MR. FRAWLEY - Are these the rates charged by St. Lawrence Stevedoring Company that you are speaking of at the moment?

BY MR. STOBO - Yes, to the Import.

Q. Or to anybody else?

A. Yes.

BY MR. CAMPBELL - Except to Dosco.

BY MR. STOBY - Yes, that qualification was already made.

BY MR. FORSYTHE - I have no questions.

BY MR. FRAWLEY - I have no questions.

BY MR. CAMPBELL - We may ask permission to recall Mr. Stobo.

BY THE CHAIRMAN - If you are going to cross-examine, is this not the time if there is anything you have to cross-examine him on?

A. Possibly there is not.

BY THE CHAIRMAN - It may be that you may have to re-call him to contradict something?

BY MR. CAMPBELL - Yes. I did want to make one thing clear. As far as Quebec District is concerned, Canada Import before the war dealt directly with Amalgamated Collieries.

BY MR. STOBO - Yes.

Q. It didn't deal through British Coal?

A. Yes.

EXM. BY MR. DROUIN (continued)

Q. And since the war it is dealing through British Coal?

A. No, the same way, but we are not getting any coal.

Q. You have a contract?

A. We don't know what is happening in England today.

Q. But the contract is stillthere?

A. Yes.

BY THE CHAIRMAN - I doubt if it is.

A. The paper is there.

BY MR. CAMPBELL - Have you any idea at all what the future has in store for the exportation of Welsh anthracite to Quebec, or any other part of Canada?

BY MR. STOBO - Nothing definite at all, Sir.

MR. HARRY AIRD (Sworn) EXAMINED BY MR. DROUIN

Q. Mr. Aird, I understand that you are the President of the British Coal Corporation?

A. Yes sir.

Q. And the Manager of the Canadian Import Company in Montreal?

A. Yes sir.

Q. Since when are you President of the British Coal Corporation?

A. I will have to refer to the records.

Q. About?

A. About 10 years, 8 to 10 years.

Q. And since when are you the Manager of the Canadian Import in Montreal?

A. A longer period of time.

Q. When was the British Coal Corporation formed?

A. In 1929.

Q. As Mr. Stobo said, that is a Company owned by?

A. By the Canadian Import Company.

Q. Who are the Directors of the British Coal?

A. The Directors are Mr. C. W. Webster, Mr. W. J. Stobo, Harry Aird, H. L. Pritchard, H. H. Merritt, R. C. Webster. G. H. Whitehead, M. K. Craig, L. S. Webster, and the Canadian Import Co.

BY MR. CAMPBELL - I didn't think there were so many Directors as that.

BY MR. AIRD - I think Mr. Merritt has been dropped.

BY THE CHAIRMAN - Who are the Directors now, please.

BY MR. CAMPBELL - Mr. Aird may be right, but I didn't think there were that many Directors.

BY COMMISSIONER McLAURIN - The Canadian Import Company obviously could not be a Director.

MR. AIRD - That is right.

EXM. BY MR. DROUIN (continued)

Q. The Canadian Import owns the company?

A. It is a wholly owned subsidiary of the Canadian Import Company.

Q. Now as President of the British Coal Corporation Mr. Aird, you have got the contracts in your possession of your company with Amalgamated Collieries?

A. We have them, but I have not got it here. I was not asked for it.

Q. Have you your subpoena?

A. Yes.

Q. You are the Manager, as you said, of the Canadian Import in Montreal, and Mr. Stobo is the Manager in Quebec, and besides that the General Manager?

A. Mr. Stobo is Vice-President in charge of Quebec. I happen to be a Vice-President.

Q. I asked those documents from Mr. Stobo, and he told me that

I should see you about that document. I asked especially for that document from Mr. Stobo.

A. I don't think Mr. Stobo was asked in his subpoena to produce the contract of the British Coal with Amalgamated.

Q. Yes?

A. In his subpoena?

Q. Yes. (Reads clause from subpoena).

BY MR. CAMPBELL - That is contracts between Canadian Import and Amalgamated Collieries?

EXM. BY MR. DROUIN (continued)

Q. And the British Coal Corporation. (Reads from subpoena)

A. I could answer, or probably give you the information about the British Coal Corporation contract.

Q. But you have the contract in Montreal?

A. We have a contract between British Coal Corporation and British Anthracite Sales, who are the selling agents for Amalgamated Anthracite Collieries.

Q. Since when?

A. About a year or 18 months. I think.

Q. That is what you call the sales company of the Amalgamated Collieries?

A. It is the selling organization through whom Amalgamated sell their coal.

Q. You have that contract in Montreal?

A. Yes.

Q. Can you phone and get a copy for us tomorrow morning?

A. We can obtain a copy.

BY MR. CAMPBELL - We have no objection to filing that with the Commission, but I do suggest it is not a contract that should be broadcast. We will file it for the information of the Commission.

BY THE CHAIRMAN - That is all they ask. Mr. Stobo said that particular contract was not under his control, and the proper man to ask for it was Mr. Aird. However, they are willing to get it for you.

EXM. BY MR. DROUIN (continued)

Q. Mr. Aird, you will get that contract tomorrow morning?

BY MR. CAMPBELL - We will endeavor to.

EXM. BY MR. DROUIN (continued)

Q. According to that contract you are the exclusive agent of the Amalgamated Collieries, or the Sales Company of that Amalgamated Collieries?

A. We are the Canadian representatives of the British Sales Company.

Q. The contract will speak for itself now. Have you any contract with the Pascoe people?

A. Not at the moment. We have had contracts. Not the term or agency contracts, but we have had annual purchases which have been confirmed for a specified tonnage from time to time, and from year to year.

Q. With the Pascoe Company?

A. Yes, with the Pascoe Company.

Q. Are you stating that for the moment for the British Coal Corporation, or Canadian Import?

A. I am stating it at the moment for the British Coal Corporation.

Q. When was that first agreement that was signed with the Pascoe Company?

A. Annual Purchase Agreements must date back for - I will have to refer to the records - I would say probably 10 years or more.

Q. Before the war, because of course I understand you don't get much coal from them, but first before the war what was the average quantity shipped to you yearly by the Pascoe Company?

A. I would like to have the opportunity of filing a memorandum on that. I don't know that we want to broadcast to the world what we buy.

Q. Will you file a memorandum?

A. Yes.

Q. Since 1937?

A. All right, Sir.

Q. Since the war now, have you received much coal from Pascoe Co.?

A. Not very much Sir. The tonnage of coal we have been receiving from the Pascoe Company has been diminishing year by year. We are not getting a very large tonnage from them; and in recent years we have no contract of any kind, not even an annual sale confirmation, but we are receiving some coal. The tonnage has been based on the percentage of tonnage that the Pascoe Company shipped in the year 1940.

Q. Now I want to know one thing. Besides the Amalgamated Collieries and the Pascoe Company, are you buying any coal from any company or individual in the Welsh district?

A. Now?

Q. Now, if you wish?

A. No, we may have had occasional spot lots from other than the Amalgamated and Pascoe.

Q. What are the others?

A. I think we have had a tonnage which is comparatively negligible, one from Barrett Company but purchased in Canada, not purchased in Wales.

Q. Barrett Company?

A. Yes. When I say Barrett Company, I mean the representatives of the Barrett Company in Canada.

Q. Have you been in England recently about coal?

A. No.

Q. You know pretty well the situation of the collieries there?

A. I have a general idea.

Q. In the Wales District there is the Amalgamated Collieries, the Pascoe Company, the Evan & Bevan, and are they not the three chief producers in the Wales District?

A. Amalgamated and Evan & Bevan are substantial producers, and there are other shippers to this market though. As a matter of fact I think most of Evan & Bevan's coal comes to this market either through Pascoe or through Evan & Reid. I don't think they are exporting direct.

Q. That is what I want to know. In the 1937 Inquiry you were a witness Mr. Aird? Do you remember having been a witness in

that inquiry?

A. I do Sir.

Q. And at a certain moment they asked you what were the independent companies that were enabled to ship coal in Canada and you gave a list:

Emlyn Anthracite Co. Ltd.
Ponthenry Colliery Co. Ltd.
S. R. Anthracite Collieries Ltd.
Nantgwyn Colliery Co. Ltd.
Brynhenllys Colliery Co. Ltd.
Evan & Bevan Anthracite Co.
C. & E. Collieries Ltd.
Ynisarwed Colliery Co.
Tereni Anthracite Colliery Ltd.
Dillwyn Colliery Co. Ltd.
Rigos Colliery Co. Ltd.
Cory Brothers Ltd.
Hook Anthracite Colliery Ltd.
Glanamman Anthracite Colliery Co. Ltd.
Dulais Anthracite Colliery Co. Ltd.

Are you buying from these companies at the present moment?

A. Not directly.

Q. What do you mean by that?

A. It is quite possible that some of the coal produced by the companies named at that time is now in the hands of other exporters. As a matter of fact my understanding is that there is a group known as Wales Exporters of anthracite to Canada. What arrangements have been made on the other side for the consolidating of their shipments, I don't know.

Q. But yourself, to be clear on the point, you were before the war, and since the war you are still receiving coal from the Amalgamated Collieries, from Pascoe, and who are the others that are supplying your coal at the present moment from the Wales District?

A. I mentioned Amalgamated, and Pascoe, and I said an insignificant tonnage from Barrett. When I say Barrett, he is the Wales exporter, but it is purchased in Canada from the local agents of Barrett.

Q. And that is all?

A. All I can recollect at the moment.

Q It was the same before the war too?

A I wouldn't like to answer that off-hand. It is quite possible that we may have had some coal from Evans and Reid in earlier days.

Q Now referring to that contract of the Welsh coal, if I understand well you are the agents in Montreal of the Amalgamated Collieries with the Canadian Import?

A We are the agents?

Q Yes?

A No sir, not that way. The British Coal Corporation have a contract. As the Chairman has remarked, that contract may be worth nothing today, but nevertheless there is a contract in existence between the British Anthracite Sales and the British Coal Corporation. In that contract there is a clause which provides that the requirements of the Canadian Import Company at Quebec will be taken care of by the British Anthracite Sales. The mechanics of that is that the Amalgamated or the British Anthracite Sales invoice their coal direct to Quebec and Quebec pays direct for that coal, and the British Coal Corporation get no profit or commission or any consideration out of the tonnage so handled.

Q But there is another company that receives coal also from the Amalgamated, the Weaver Coal Company in Montreal?

A You will have to ask the Weaver Company that question. I don't think they do.

Q As a matter of fact in the contract are you not named as the two agents or two representatives in Montreal of the British Coal?

A I think the contract, sir, has either been filed or will be filed. Have I got to answer that question?

BY MR. CAMPBELL: My memory is that Mr. Aird was questioned about that in Montreal and explained the situation. British Coal Corporation is the corporation that has the contract with the sales agents of the Amalgamted Collieries, then it

in turn has appointed as its distributors in the Montreal district Canadian Import Company plus Weaver?

A Right.

BY MR. DROUIN: That is what I say.

A No, it is a different matter entirely, sir.

Q I accept that statement.

A I would just like to correct this, Mr. Drouin. Why I misunderstood you, you said that in the contract between Amalgamated and British Coal Corporation that Weavers were named as distributors. There is a provision that we will act as distributor but that is an arrangement between the British Coal Corporation on the one hand and Weaver and the Import on the other.

Q Now of course you are the agents in Montreal of the Dominion Coal?

A No sir.

Q You have a contract with Dominion Coal?

A Yes sir.

Q Are you representing in Montreal any line companies from the United States?

A In anthracite coal?

Q Anthracite coal.

A Not directly.

Q What do you mean, not directly? Are you representing indirectly?

A We are selling American anthracite coal in the Montreal market but your question is, are we representing any line companies, and my answer is no, not directly.

BY MR. FRAWLEY: When you say we?

A Import.

BY MR. DROUIN: From whom are you buying your American anthracite?

A We are receiving American anthracite coal from different sources, principally from the Hudson Coal through a contract

which they have with the Hudson Coal Company.

Q Who are the representatives of the Hudson Coal in Montreal?

A They have no direct representative in Montreal. They have a field man who frequently visits Montreal but they have no office.

Q Isn't it a fact that the Weaver Coal and Mongeau et Robert are the agents?

A I just mentioned, sir, that the Weaver Coal have a contract with Hudson Coal.

Q And Mongeau et Robert also?

A They market Hudson coal but they have no contract.

Q Which companies are the subsidiaries in Montreal of the Canadian Import?

A Parker Robertson Ltd, Prudential Coal, Ouimet and Wilson, and Weaver Ltd., not to be confused with the F. P. Weaver Ltd. It is a separate company. And we have an interest in Hahn and Parker.

Q Munro Coal?

A Munro Coal is out of existence.

Q And has British Coal Corporation any subsidiary?

A No sir, no subsidiary in Montreal.

Q But elsewhere?

A We have an interest in a company in New Brunswick.

Q Which is the company?

A Parker D. Mitchell Ltd., but it is a minority interest, sir, it is not a control.

Q Do you know to whom Evans and Read are selling their coal?

A No sir, it is beyond me.

Q Now can you prepare a statement showing the total tonnage of coal received from the Pascoe Company since 1937? Are you ready to prepare that statement?

A We could. I think that the information has already been filed with the Commission. If not, we could prepare a statement.

Q You will file it?

A I will submit it to counsel.

BY MR. DROUIN: Mr. Campbell, what about that, sir?

BY MR. CAMPBELL: There is no use in cumbering the record if it is already in. If the Commission wants the information we don't propose to withhold any information the Commission wants, obviously.

BY THE CHAIRMAN: As a matter of fact if I had my own way we would not want any information at all. He is asking us to accept certain information. Mr. Campbell says it is on the record already; you mean in the Montreal hearings?

BY MR. CAMPBELL: Yes, I think we furnished that information in Montreal, but if it was not furnished we will prepare it.

BY MR. DROUIN: I wasn't there.

BY MR. CAMPBELL: If you read the transcript I think you will find it.

BY THE CHAIRMAN: Perhaps Mr. Frawley will advise you on that.

BY MR. FRAWLEY: Yes, we will look it up and let you know.

BY MR. DROUIN: I would like to know right away on that Pascoe question. Before the war what was the average quantity of coal received from the Pascoe people yearly?

A I don't think I am in a position to answer that. If you want round figures, in British anthracite you are referring to?

Q Yes.

A I think that probably the maximum was somewhere around 65,000 to 75,000 tons.

Q A year?

A Yes, of British anthracite.

Q And since the war of course it has ---

A Diminished, almost negligible now, and has been decreasing annually. I think Pascoes were finding other outlets for their coal.

Q Do you know the Vipond-Tolhurst Company?

A Yes sir.

Q Have you got an interest in that company?

A No sir.

CROSS EXAMINED By Mr. Campbell.

Q You were asked some questions as to your knowledge as to the general conditions of the Welsh coal industry at present or in the past, the recent past. Have you any information that you could give this Commission as to the future of the Welsh coal industry or your relation to it?

A None whatever, sir.

Q I mean you understand that at the moment the question of nationalization of the coal mines is under discussion in England?

A And what results that will have as far as we are concerned is unknown.

Q And if it is accomplished it will undoubtedly affect your past relations with the Welsh coal industry?

A In all probability.

Q You were asked about the number of retail subsidiaries in Montreal that your company was interested in, but apart from those subsidiaries that you named are there a number of other retail distributors in the coal business in Montreal?

A About 300, and may I add that outside of Parker Robertson the other subsidiaries are all comparatively small retail outlets.

Q And apart from any that you have any interest in there are a great many other distributors?

A Something between 300 and 400.

RE-EXAMINED By Mr. Drouin.

Q You answered to Mr. Campbell that you don't know what is the future in England regarding coal. I understand that Mr.

Colin Webster went to England recently?

A I think he was over in the month of December last.

Q For coal business?

A He was probably endeavoring to get posted as to what the trend for the future would be.

Q And he is here?

A He is here, sir.

BY THE CHAIRMAN: When you talk about what will happen in the future about British coal, are you talking about what we will get in this country?

BY MR. DROUIN: Yes.

BY THE CHAIRMAN: And what that will be in the future?

BY MR. DROUIN: Yes, we want to know.

BY THE CHAIRMAN: Well, I can almost tell you there will be very little anthracite shipped to this country in the next three or four years.

BY MR. DROUIN: You know probably better than I do.

BY THE CHAIRMAN: Oh no, no.

BY MR. DROUIN: We want to be posted as to what will become of the market and besides that, if there are new arrangements.

BY THE CHAIRMAN: Mr. Drouin, do you think there should be a tariff duty imposed on British Anthracite coming into this country?

BY MR. DROUIN: That is a question I am not ready--I am surprised by that question and I am not ready to answer.

C. L. McCOY Sworn. Examined by Mr. Drouin.

Q What are you doing, Mr. McCoy?

A I am assistant general freight agent, Canadian National Railways, Montreal.

Q The subpoena was sent to Mr. Labrique but you came here to explain the situation in this territory?

A That's right.

Q. It is about freight rates that I want to put you some questions. For instance, a car of bituminous leaves a mine which is situated on the Pennsylvania railroad for Quebec, and at the same time--that is the comparison that I want--at the same time a car of anthracite leaves the same place, or in the surroundings, for Quebec City equally. What is the freight rate?

A. Well, in anticipation of that question I have had prepared a brief showing a comparison of rates on anthracite versus bituminous coal from Pennsylvania mines to Quebec. Now accompanying that statement I have also had prepared a map showing the various coal regions, anthracite and bituminous, in the United States. If you so desire I will be glad to file these as exhibits.

BY THE CHAIRMAN: Very interesting, apart from what we are investigating here altogether.

Exhibit 280 - Comparison of Rates on Anthracite vs. Bituminous Coal from Pennsylvania mines to Quebec.

WITNESS: Now first if you will refer to the map you will see in blue the Pennsylvania anthracite region. In yellow is shown the bituminous coal regions. Referring to the statement, from Nanticoke, Shenandoah and Scranton, Pa., which are all anthracite coal shipping points, there were in effect what we call normal rates, that is rates which were not influenced by water competition. They were divided in four groups, as you will see there. They ranged from $5.64 per gross ton down to $4.33. Group 1 was prepared sizes, Group 2 Pea, Group 3 Buckwheat No. 1 and Group 4 Buckwheats Nos. 2 and 3, etc. Back in 1935 and '36 we found we were losing out on this coal so we arranged to put in a water competition rate. To Quebec City the rate is $4.61 per gross ton on 1, 2 and 3 sizes. In Group 4 we made no change; we maintained the current rates. That applied from the

Pennsylvania districts. When we come to the question of competition it was the movement of coal from Scranton to Atlantic ports. They could rail it from Scranton down to Port Richmond, that is the terminal of Philadelphia Harbor, and bring it by vessel direct to Quebec City. In conjunction with the American lines the rates were finally established and we recaptured the business. I think that will cover the three anthracite shipping points; the rates are all the same. If you go over to the right-hand side of the statement you will see the rates on bituminous coal from the Clearfield district to Quebec City per gross ton $5.70, per net ton $5.09. That is the present rate tariff set-up.

CROSS EXAMINED BY Mr. Forsyth.

Q What is the relative distance from the three anthracite districts to Quebec as compared with Clearfield?

A From Scranton, Pa., the distance is 562 miles, from Nanticoke 587 miles, from Shenandoah 664 miles. From Clearfield to Quebec City the distance, there are several routes but the average would be say 723 miles. I might state, if you will refer back to the statement again you will notice that the rate on bituminous coal of $5.70 per gross ton is higher than the normal rate on anthracite coal from Nanticoke, Shenandoah and Scranton. The reason for that is the additional rail haul involved.

Q And those rates are fixed by the Interstate Commerce Commission, I suppose?

A The railways arrange the rates and file them with the Interstate Commerce Commission.

CROSS EXAMINED By Mr. Frawley.

Q What is the comparative tonnage that would move all rail from Clearfield as against rail and lake?

A I haven't got those figures.

Q Most of it would be rail and lake?

A Oh yes, from the Clearfield district definitely. As a matter of fact the United States lines have a very favorable arrangement for handling what they call lake cargo coal.

Q You meantioned that the anthracite was shipped by rail to where?

A Port Richmond, or Philadelphia Harbour, and then from there by ocean vessel to Quebec City. In addition to that there was another movement we discovered from New York Harbour up the Hudson River, the Richelieu River and the St. Lawrence River.

RENE MONGEAU Sworn. Examined by Mr. Drouin.

Q Well, Mr. Mongeau, are you the sole proprietor of the Mongeau Robert Coal Company?

A Do you mean personally or our family?

Q Well, what is the part of your family and what the part of yourself?

A I am 25%; the other, three brothers.

Q The remainder?

A Three brothers.

Q Is there any other besides those that you mentioned, yourself and your family, interested in your company?

A No.

Q Nobody?

A Nobody.

Q Do you know the Pascoe people?

A Yes, very well.

Q Have you got any contract with them?

A No.

Q Not at the moment, but before the war you had a contract with them?

A We had an agreement with them, no contract.

Q What kind of an agreement? Have you got that agreement?

A They had the right to buy coal for us; they acted as our agents over there in order to purchase our coal. They find coal and they offer it to us and we buy it if the price is satisfactory.

Q Have you got a copy of that agreement that you had before the war?

BY MR. FORSYTH: I have this agreement, Mr. Chairman, which is dated the 4th of March 1937 and here again it is an agency contract.

BY MR. DROUIN: I want to know one thing: Is my learned friend going to read the contract and if I can't look at it. I had an experience this morning. I don't want to have the same experience this afternoon.

BY MR. FORSYTH: Well, we all get experiences, and my friend has had some other experiences that he didn't have this morning. All I wanted to say about it is that my friend is the only person who has yet described the contract by asking the witness to describe it. I have got it here in my hand and I wanted to say this, that the terms of payment and freights and arbitration clauses, the amount of commission are set out in this agreement, and these again are matters that are purely private as between Pascoe and this company.

BY THE CHAIRMAN: Of course when you talk about private that doesn't prevent us --

BY MR. FORSYTH: Not that it prevents you at all, Mr. Chairman. The point is this, that before private business is to be discussed we are entitled, I think, to have a foundation laid to show that it is relevant to something somebody wants to prove. Now what does my friend want to prove?

BY THE CHAIRMAN: I don't know what he wants to prove by this particular agreement but he is not being called upon at this stage to say what he wants to prove by this contract. Is

there anything in that about the prices of coal?

BY MR. FORSYTH: No statement of price; there is the commission.

BY THE CHAIRMAN: I don't see that it is going to affect this man's business to file that for whatever it is worth.

BY MR. FORSYTH: Of course it is an agreement that is not in force now.

BY THE CHAIRMAN: I wouldn't suppose it was. Any of those contracts would be cancelled by the war and I was just talking to Mr. Justice McLaurin as to whether or not they should become effective again.

WITNESS: I don't see why they should see our commission paid to Pascoe on this.

BY MR. FORSYTH: The commission paid to Pascoe surely cannot be relevant to this inquiry.

BY THE CHAIRMAN: I don't know. It may have some effect on the fair price of coal in this country.

BY MR. FORSYTH: Is there any issue raised here as to the fair price of coal?

BY THE CHAIRMAN: There is always that issue before a Commission of this kind if it is clear it affects the producers of coal.

BY MR. FORSYTH: In Great Britain?

BY THE CHAIRMAN: I am talking of here.

BY MR. FORSYTH: But this is Pascoe. It relates to Welsh coal.

BY THE CHAIRMAN: I know. I am talking generally about the agencies for coal.

BY MR. FORSYTH: Well, you see you have this situation. Here is Mr. Mongeau, an importer of Welsh coal, before a Commission in which other importers of Welsh coal are concerned, and I suggest that from his point of view it is unfair to him to have the commissions paid by him to his agents abroad brought into this discussion unless it is absolutely essential that they should be.

BY THE CHAIRMAN: Why do you ask me what is essential in this thing? I haven't prepared the case for this man. I don't know why he is asking this.

BY MR. FORSYTH: I am suggesting he has prepared his case himself and it is incumbent upon him to convince you that the statement of the quantum of the commission paid by Mongeau to the people abroad is of some consequence.

BY THE CHAIRMAN: That is only one part of it.

BY MR. FORSYTH: But that is the only part I am objecting to.

BY THE CHAIRMAN: You will be treated just the same as the rest; the contract will go in.

BY MR? FORSYTH: I will suggest this, that I will cut out the amount of the commission and give him a copy of the rest of it.

BY THE CHAIRMAN: I think that is asking this Commission a little too much. You are just in the same position as anybody else. You have a contract. The other contracts went in this morning. They are not going to be spread on the records of this Commission at all. They go in and are in the hands of Commission counsel.

BY MR. FORSYTH: I am perfectly willing to hand them to Commission counsel, but I don't believe it is the proper thing.

BY THE CHAIRMAN: I suppose we do many things that are improper.

BY MR. FORSYTH: It is never too late to mend, you know.

BY THE CHAIRMAN: We are conscientious, I hope.

BY MR. FORSYTH: I am sure you are.

BY THE CHAIRMAN: I think there are some things you may be obliged to amend regarding commissions before very long.

BY MR. FORSYTH: I? I don't get commissions from anybody.

BY MR. DROUIN: I want to see that contract.

BY THE CHAIRMAN: Yes, you are entitled to see the contract, providing of course now that you don't give away anything there as regards costs or commissions.

BY MR. DROUIN: I won't look even as to costs. I don't want any information regarding costs. There are other things I want to see in the contract.

BY THE CHAIRMAN: That's all right, sir.

BY MR. FRAWLEY: As I understand it, the Commission is simply asking Mr. Drouin that in his cross-examination he make no reference to the commissions disclosed.

BY MR. FORSYTH: Did you get any notice to terminate it?

WITNESS: No.

BY MR. DROUIN: It is still in force?

A Oh, we don't go according to this contract at all. It is all according to what the Government says in London and Ottawa.

Q I understand that this contract is not quoted as an exhibit but will remain in the hands of Mr. Frawley.

BY THE CHAIRMAN: That's right.

EXAMINATION of Mr. Mongeau continued by Mr. Drouin.

Q Mr. Mongeau, by that contract the Pascoe Company was and is, at least for what it is worth, your agent for buying coal?

A Yes.

Q And do you receive coal from them?

A Yes, a little.

Q According to the contract?

A No, according to what the Government in England decides. They have a fixed policy of so many tons.

Q I don't want to fix the price but when you receive coal from the Pascoe Company, of course without quoting the price it is according to the clauses in that contract?

A According to what the Government is fixing every year, the English Government. This contract is no more in force, except that we are to receive a certain portion of the coal allotted to Pascoe by the British Government.

Q Mr. Mongeau, is not the Pascoe people represented in Montreat by the Susquehanna Company? What relation have you got with the Susquehanna Company?

A None at all.

Q At a certain moment the Susquehanna Company was agent for the Pascoe Company and in 1937, I am putting the question in the inquiry of 1937 you were mentioned as receiving coal from Pascoe through the Susquehanna or something like that?

A It was before my time. The first coal inquiry was for coal in conjunction with the Susquehanna, the Susquehanna being on the receiving end of it and reselling it to us, but since we are buying direct from Pascoe. I forget what the first date of the contract was. It was away before 1937, I believe.

Q Have you got any contract or agreement with the British Coal Corporation?

A No.

Q With the Dominion Coal?

A No.

Q You are dealing in anthracite only?

A No, bituminous also.

Q Where do you buy it?

A From the States and Dominion Coal Company. American anthracite is our greatest tonnage.

Q Who would you buy your soft coal from? Are you buying it from the Dominion Coal?

A We buy some soft coal which they are nice enough to give us at the moment.

Q From where?

A I don't know, I didn't ask. We are very pleased because we are short of coal at the moment. We buy coal from the United States in general.

Q Are you buying coal from the independent companies in Nova Scotia or New Brunswick?

A Yes.

Q What kind of coal?

A Bituminous coal, soft coal.

Q Are you representing any line companies from United States?

A We used to until last year. We still sell coal from American coal companies but we have no direct contract with anyone.

Q Up to last year?

A Yes.

Q Who is representing the company now?

A I don't know, except we are still selling their coal.

Q What was the company?

A M. A. Hanna Company.

BY MR. FRAWLEY: For the record, what is a line company?

A I think Mr. Forsyth would be better able to describe it than I can. Apparently it is a group of companies having, I understand according to them, some of the better coals, and they call them line companies. There are just a certain number in the group.

BY MR. FRAWLEY: Who are the companies?

A I only know a few of them, I would say D. & H., Reading, Lehigh, Susquehanna, D. & W.

Q Mr. Mongeau, just one question about Pascoe. Do I take it from your evidence that you are in any better or worse position than say Scotch Anthracite or any other company that wants to buy coal from Pascoe?

A We are in the same position as any other company wishing to biy coal in England providing we can pay for it.

FRANK G. NEATE Sworn. Examined by Mr. Drouin.

Q Mr. Neate, you are the Fuel Controller for Canada?

A No, just the Deputy Fuel Controller.

Q I would like to get from you the total tonnage of American anthracite and American bituminous also imported from

United States since 1937. Have you got something like that?

A Into where?

Q Here in the Province of Quebec?

A No, those figures have not been made available yet. All I have are the anthracite quotas fixed by Coal Control. We were not interested in fixing any quotas for bituminous coal but the Bureau of Statistics would have the quantity of bituminous coal sold in the Quebec area, Quebec City or the district of Quebec, but Coal Control did not compile that information. We were only interested in the coals that were under quota through Solid Fuels in Washington. Bituminous coal was free, therefore anyone that wanted to buyt it could do so. We were not interested in the statistical angle of that.

Q There was a kind of an institute called the Anthracite Institute a few years ago?

A That's right.

Q Have you something about that? Are they operating at the moment?

A No, I don't think they are operating at the moment. It was an Institute to more or less facilitate and promote the sale of anthracite in Canada. It was a branch of the American Institute on Anthracite and the branch office was in Toronto. The manager of that was transferred to Montreal and then went into the Services and I think there is very little activity.

Q What were the purposes of that Institute?

A Purely promotional. The anthracite industry paid for it, you see.

Q Now you of course have something to do regarding the quotas of the coal dealers in Canada?

A Yes.

Q Have you got the figures showing the quotas of the coal dealers in the City of Quebec?

A Yes, I am quite prepared to submit that to the Commission. It is not public property, you see, Mr. Drouin. In arriving at a quota for any dealer throughout Ontario or Quebec we had to take the tonnages sold by that dealer over a base period, and Washington could only promise us so much anthracite coal. Now we took a base period. Our base period was from April 1, 1942, to March 31, 1943. That was what constituted a basic year upon which all quotas were established.

Q I have always been under the impression that the year 1941 was the basic year?

A No sir, the basic period was 1942-43.

Q Decided by whom it was the basic year?

A Decided by ourselves in conjunction with Solid Fuels in Washington, Mr. Drouin.

Q You know, Mr. Neate, that generally the basix year for all productions has always been 1941. Why was there an exception for coal?

A For the simple reason we were getting a pretty free supply of anthracite up to that time. There was no need for a quota on as long as anthracite was coming in.

Q So it was, according to you--of course I have no objection to believing you but I am rather surprised by that statement--it was from May 1942 to Kay 1943?

A No, April.

Q April, yes.

A That's right.

Q And now you state it is confidential?

A Well, it is not public property. This information was compiled for the Royal Commission. We have kept running records, naturally, to see how quotas were being served, but any of this information we have never made it public since Coal Control became effective. I have no objection, but it is a question to be decided by the Commission.

BY THE CHAIRMAN: We have the information.

BY MR. DROUIN: But have I the information?

BY THE CHAIRMAN: Well, what do you want the information for?

BY MR. DROUIN: Well, we complain in our brief that the quotas have not been respected here in Quebec by the Canadian Import and of course we would be entitled to know what would be our quotas.

BY THE CHAIRMAN: Why didn't you prove that by the Canadian Imports this morning?

WITNESS: I think probably there is a misunderstanding on this quota system. While 100% quota was set we could not promise in any way to live up to a 100% quota. For instance in the calendar year April 1, 1944 to March 31, 1945 we actually received only 80% of our 100% quota. As at December 31, 1945, that is just last December, we were only getting roughly 67% of our anthracite quota from the United States, therefore instead of your Quebec area or any area in Montreal getting a 100% quota which was fixed for the basic period they could only expect the same ratio percentage as what we were getting from the United States. Now while you might have had a quota fixed at 100% during the basic period, up to the end of December 1945 our actual intake was only 67% from the United States, therefore you had to make up your balance by substitute fuels. We weren't getting the anthracite in. At the present time we are considerably below what our '42-'43 quota amounted to, for the simple reason the anthracite is not there.

BY MR. DROUIN: What I want to submit to the Commission is this: If I have to prove what is the quotas of my clients, the best proof I can make by official documents.

BY THE CHAIRMAN: Well, you proved this morning by a witness that you called that your client got over his quota in some things.

BY MR. DROUIN: Well, I don't remember that I proved that. If

they are the figures of Mr. Stobo it might be that he said that; I am not ready to accept that.

BY THE CHAIRMAN: I know, but he is your witness. You called him and you are making proof of certain things by that testimony and I don't know that you are in a position now to say, "I called Mr. Stobo and we have heard his evidence here but I don't believe it. Now we are going to contradict it."

BY MR. DROUIN: No, but I wanted Mr. Stobo to produce figures and then discuss those figures.

BY MR. FRAWLEY: Mr. Stobo said he would come tomorrow showing the cases. He would show that Mr. Gingras exceeded his quota and he said he would bring those figures in tomorrow morning.

MR. STOBO: No, Mr. Chartier.

BY MR. FRAWLEY: But he didn't have those exact figures here this morning.

BY THE CHAIRMAN: And that he got more than there was coming to him from the soft coal. Now I don't know that Mr. Neate can give you today what were the quotas that were allotted to Quebec City, or certainly he couldn't give you the quotas that were allotted to any individual dealer, could you?

WITNESS: No, only in a rough way. That is while we had 100% for the base period quota we do know that we received 80% in the year 1944-45. Now 1945-46 is not yet complete. We only have figures up to the end of December and as I pointed out we have only received 67% of our quota up to that time and it is not increasing as we go along. If we get 70% of our quota by the end of April I say we will be extremely fortunate.

BY MR. DROUIN: What kind of figures have you got for 80%?

A Well, if for instance we got 165,000 tons of anthracite into Quebec City during the basic period that figure was 100%. Now then, following on if we were advised by Solid

Fuels, "You are not going to get 165,000 tons, you are only going to get 150,000 tons," we have got to reduce all our quotas or deliveries by that amount to each area so that the distribution will be fair and equitable in every case. You just can't come along and say, "We will give Quebec 100% and reduce Sherbrooke down to 50%." You have to equate the tonnages as they are received from the source of supply.

BY THE CHAIRMAN: I still don't see why there should be anything confidential in showing how much was allotted to Quebec district.

A Not for Quebec district or any district in Ontario or Quebec, but when you come down to 3,000 or 4,000 individual allotments then I say it is submitted to you as a Commission.

BY MR. FORSYTH: What could be confidential about a quota? I mean if I personally had a quota would there be anything confidential about my asking to have that?

BY THE CHAIRMAN: I don't see anything confidential about it there as far as I am concerned.

WITNESS: Any individual is entitled to know what his own quota is.

BY THE CHAIRMAN: They did know.

WITNESS: They did know.

BY MR. FRAWLEY: If it will assist at all in making the decision, it seems to me that Mr. Drouin is seeking to establish that there was some discrimination in the filling of these quotas by a local supplier. If the Commission is going to allow him to prove that then it seems to me impossible for him to even begin unless he has on the one hand the quotas, on the other hand the deliveries, and then make such comparison and argument as he sees fit. It seems to me if you are going to accept Mr. Neate's position Mr. Drouin is frustrated at the beginning. It may be that he should be, but if he is going to pursue this method of proof he has to have the quotas and the deliveries. He has the deliveries,

because Mr. Stobo has produced those, but he has not got the quotas.

BY MR. FORSYTH: I think the trouble is Mr. Stobo is figuring on the 1940 - 41 basis where it should be the 1942-43. I think it will change the whole picture altogether if they make up their own figures on that. In one instance you will have to give back some coal.

BY THE CHAIRMAN: What do you want to get specifically from Mr. Neate that he says is not public property, which is not a good answer to me, I will tell you. We can get it if we want it, I suppose.

MR. NEATE: Sure.

BY THE CHAIRMAN: What is the specific information that you want to get?

BY MR. DROUIN: As Mr. Frawley said, we want to compare what we received ---

BY THE CHAIRMAN: I know, but what do you want to get from Mr. Neate?

BY MR. DROUIN: I want to get from him the quotas of the coal dealers in the City of Quebec.

MR. NEATE: There is the whole total. There are 3,000 or 4,000 throughout Ontario and Quebec. I can give right here Mr. Drouin's clients' quotas, but why should I spread across the record the quotas established for other dealers throughout the city?

BY THE CHAIRMAN: Do you want to get the quotas of every man?

BY MR. DROUIN: Of every coal dealer in Quebec, because we claim there has been discrimination, that our clients have not received their quotas and others have received more than their quotas.

BY THE CHAIRMAN: Including your client.

BY MR. DROUIN: Mr. Stobo said that.

MR. NEATE: Would it be simpler to you, Mr. Chairman, if I gave Mr. Drouin complete quotas established for the basic period

to find out whether or not those quotas were maintained? It would have to be the subject of a domestic fuel survey throughout the province which we have not undertaken or did not intend to undertake. Now if Mr. Drouin is satisfied to take what the base period quotas were he is perfectly at liberty to have those.

BY MR. DROUIN: We would be very satisfied. My point is, if Mr. Neate would show to us what we are asking, for the basic period 1942-43, and then compare with the figures given by Mr. Stobo; a comparison between deliveries on one part and quotas on the other part.

BY THE CHAIRMAN: Of course I don't agree with Mr. Neate's idea that because this comes from public documents that he is privileged from not giving it here.

MR. NEATE: Oh no, I have not taken that stand at all, Mr. Chairman.

BY MR. DROUIN: Mr. Neate, will you agree to prepare a statement giving the quotas based on the specific period between April 1942 till March 31, 1943 for every coal dealer in the district of Quebec?

MR. NEATE: As prepared officially by Coal Control, yes, which we used as our basic figures right the way through.

Q These are your official figures that you are using since that time?

A That's right.

Q Now to compute your basic figures what was the basis on which you figured those?

A The basic period, I believe--this is subject to correction--was based on the years 1939-40, 1940-41, two years.

Q It was based on the two years?

A On the two years, and that is how we established our quota figures for 1942-43.

Q So to fix the base of 1942-43 you took the figures of 1939, 1940 and 1941?

A That's right. I will tell you why. We were negotiating with the anthracite producers--that was just prior to Solid Fuels coming in--and we told them these were our requirements. In 1939 and 1940, the beginning of the war years, we were using considerably less anthracite than we would require in the basic period. 1941-42 came along and we required more anthracite, and we based our figures on not any arithmetical average but what we projected would be a fair requirement in 1942-43, and I must say that the American authorities were most generous in supplying that quota for us. We had in that basic period a quota of anthracite considerably higher than we could possibly expect to have obtained then if they had given us a base period say of 1939-1940, due to increased consumption, increased housing and general increases throughout industry where anthracite was used.

Q Now regarding the district of Quebec, from whom did you get the figures?

A Those would be the figures compiled by coal shipments to wholesalers and the wholesalers' distribution to retailers. We go back to the source. We see the American authorities ship so much anthracite coal to their wholesale distributors in Canada. We go to them and say, "Where do you ship that coal?" and we go to the retailers and say, "How much coal did you receive?" and they report to us; therefore we have a double check.

Q But from whom did you get those figures in Quebec?

A From this list and from the wholesalers; the list that is indicated here with distribution to the retailers.

Q From Canadian Import?

A Oh yes.

Q You got the reports from this list?

A That is the wholesale distribution on the large sheet.

Q That is what I want you to state. In Quebec there is only

one wholesaler that is mentioned in that list?

A There is the Canadian Import in Quebec; Canadian Import, Montreal; Boon-Strachan, Montreal; Vipond-Tolhurst, Outrement; D.L. & W., Montreal; Jeddo-Highland, Jeddo, Pa.; Lachance et Frere, Quebec; Reading Anthracite, Montreal; Scotch Anthracite, Montreal; F. P. Weaver Company, Montreal. They are the wholesalers distributing anthracite coal in Quebec, and the top list are the recipients of the anthracite, so to speak.

Q Have you any objection to filing a copy of that list?

A Not a bit. You asked for the basic quotas, didn't you? Mr. Aird or someone else is going to give you the follow-up from this. You wanted the basic, did you not?

Q Yes. You want to separate something?

A Yes. You asked for the quota established during the basic period and I say here it is. These cumulative shipments following you have not asked for, therefore unless you ask for them why give them to you?

Q I will ask for them then in order that we not separate them.

BY THE CHAIRMAN: You have them; why ask more? The first thing you know he will be full of objections.

4.00 P.M. - COMMISSION ADJOURNED UNTIL
10.00 A.M. FEBRUARY 26, 1946.

ROYAL COMMISSION ON COAL

Quebec City February 26, 1946

EXHIBIT Page

ROYAL COMMISSION ON COAL

Quebec City,
February 26th, 1946.

The Royal Commission on Coal re-convened at the Court House, Quebec City, on Tuesday, February 26th, 1946, at 10:00 o'clock A.M.

PRESENT:

Hon. Mr. Justice W. F. Carroll, Chairman

Hon. Mr. Justice C. C. McLaurin, Commissioner.

J. J. Frawley, K.C., Commission Counsel

Dr. R. D. Howland, Secretary

G. A. Campbell, K.C., representing Canadian Import Co. Ltd.

L. A. Forsythe, K.C., representing Dominion Coal Co. Ltd. and Scotch Anthracite Coal Co.

Hon. Oscar Drouin, representing independent Quebec coal dealers.

BY MR. DROUIN - Before proceeding any further in this inquiry I want to make a declaration which I have prepared in writing, as follows:

"I am authorized by my clients, at this stage of the proceedings, to issue the following declaration:

His Lordship, the President of the Commission declared yesterday morning substantially that this enquiry does not bear on the possible violations of the Combines Act and that its primary object was to see that the distribution of coal to consumers had been made in an efficient manner, or words to that effect.

The Order-in-Council naming the present Commission asks: "That a full enquiry be made into the coal industry in Canada" and in a following Chapter, the Commissioners were appointed: "to inquire into and report upon the problems of and matters pertaining to the coal industry in Canada, having regard, generally, to pre-war, present and anticipated post war conditions and the probable future development of Canada;"

We are of the opinion that this Order-in-Council gives to the present Board the power to inquire about everything that could restrain the liberty of trade, upon any control that could be exercised by the companies, or others, which would be contrary to public interest.

Moreover we think that concentration of the power of exportation in a few hands in the United Kingdom, the monopoly of unloading coal, the monopoly of wharves, the monopoly of the wholesale and retail trade in the City of Quebec, is a matter restricting the liberty of trade and a matter "pertaining to the coal industry", and is a matter upon which the present Board has jurisdiction, even if the Combines Act applies.

The opinion of the President of the Board is not final and has not the authority of a judgment; it is only a personal opinion, but it casts upon the jurisdiction of the present Board a doubt. This doubt leads us to the conclusion that it would not be wise for us to continue this enquiry, the monopoly constituting for us our chief point.

In consequence, I have received instructions from my clients to advise respectfully the present Commission that we do not insist any more to continue our proof and that we will not hear any more witnesses and make any more representations to the Board.

We will go before another competent Court to continue our efforts for the liberty of trade.

We wish to thank the Commissioners for the work that they have executed, for the good spirit they have shown in coming to Quebec, and for the co-operation they have given to us.

BY THE CHAIRMAN - Mr. Drouin, first of all I want to say that I think you must have misunderstood when I said the primary work of this Commission is proper servicing and distribution of coal. Is that a sworn declaration?

BY MR. DROUIN - It is a declaration, and I added "or words to that effect".

BY THE CHAIRMAN - I think when you make a declaration you should bear in mind that we were discussing a particular point. The question in my mind was then, whether or not it was increasing the price of coal to have a long line of salesmanship. First, general sales agents appointed by the producers, and then agents appointed by them, and so on, and if that was not increasing the price of coal. And I did say in that connection that so long as a distributor of coal gave good service, that I didn't care very much where it was controlled from, whether by one firm, or five or six firms. And that was only on one point. We never said, I don't think, that we didn't have any jurisdiction to investigate this coal combine in restraint of trade, if that is what my friend had in view. Never mentioned that at all. As a matter of fact, I think Mr. Drouin will remember that in the presence of Mr. Frawley, or Dr. Howland, one of these gentlemen here, that I told him the best he could expect from this Commission in the matter of restraint of trade, was that the evidence would be taken and that we would send it to the proper tribunal to investigate it. However, I am very glad indeed that the counsel who brought this case here has decided to go to a more competent tribunal.

BY MR. DROUIN - I didn't say "more competent", I said "another competent".

BY THE CHAIRMAN - Both Mr. Justice McLaurin and myself realize our weaknesses in some respects, that is we have limitations, as perhaps my friend has some, I don't know. I hope that he will receive the same courtesy from the next tribunal that he comes before that he has received here. But I want to assure him that if he comes to certain tribunals in this country and undertakes to prove what he has set out to with some of the evidence he has, that he may not receive the same courtesy from the next tribunal. We thank you for your courtesy throughout the whole hearing, and also the others that came here.

BY COMMISSIONER McLAURIN - If the Chairman will permit me to add a word or two to what he has said, I would like to observe that in three days' Sittings, two in November and one yesterday, it is my opinion that no evidence of any kind has been given that would reflect on distributors of coal in Quebec. And I think it has been made pretty evident by their own evidence that their failure to buy coal in Great Britain was largely due to to complete incapacity to establish financial ability to pay for the coal.

Although there has been considerable said about the Combines Act, it is also my opinion that there has been no evidence before us up to this point that was even suggesting defence under the Combines Act.

BY THE CHAIRMAN - I concur.

BY MR. FRAWLEY: I have one little item of business. Mr. Hotchkiss, of the F. P. Weaver Coal Company of Toronto, has asked us to file a further brief statement which I won't even read, which relates to the intentions of certain Canadian distributors of coal, largely in the Toronto area, to bring combustion engineers into Canada to assist in obtaining the most efficient utilization of coal in plants of that area. This will be Exhibit 281.

Exhibit 281 - Submission of Canadian Distributors of Coal

The producers and railroads in the United States most directly concerned with the shipment of United States coal into the Province of Ontario and vicinity have individually and collectively undertaken to make engineers available to supplement the activities of a group of Canadian distributors of coal, in bringing to the consumers in the Province of Ontario and vicinity, the best possible engineering assistance in obtaining the most efficient utilization of coal in plants of that area.

It has been agreed that this group of engineers will be available to work in the plants of consumers in the Province of Ontario and vicinity, without distinction as to whether these plants consume United States or Dominion coals. This is but another instance of the co-operation and assistance that the Dominion of Canada is receiving from its good neighbour, the United States, in promoting the interests of coal.

Competent combustion engineers have been made available for this work by the following producers, producers' organizations and railroads in the United States:

The Island Creek Coal Company
Pittsburgh Coal Company
Consolidation Coal Company, Inc.
United Eastern Coal Sales Corporation
Red Jacket Coal Company
Koppers Coal Division, Eastern Gas and Fuel Associates

The M. A. Hanna Company
Appalachian Coals Incorporated
Fairmont Coal Bureau
Chesapeake and Ohio Railroad
Norfolk and Western Railroad
Pennsylvania Railroad
New York Central Railroad
Baltimore and Ohio Railroad

A committee has been formed by the signators of this brief, to direct the work of these engineers in making reports on both large and small coal-burning plants, covering plants having all the well-known types of equipment.

It is the intention of this group to work very closely with the equipment manufacturers and it is proposed to make recommendations for the improvement of the coal-burning equipment used in these test plants.

This information is then to be all submitted to a competent engineer to consolidate in a general report, which will be available to all the coal distributing companies in Canada, or to consumers upon request.

The preliminary organization work is well under way and the survey will be completed within the next few months.

Respectfully submitted,

CANADA COAL LIMITED
DOMINION COAL CO. LIMITED
EMPIRE-HANNA COAL CO. LIMITED
PITTSBURGH COAL CO. LIMITED
ROCHESTER & PITTSBURGH COAL CO. (CANADA) LIMITED
VALLEY CAMP COAL CO. LIMITED
THE F. P. WEAVER COAL CO. LIMITED

BY THE CHAIRMAN: We thank everybody who participated in this investigation for their courtesy and goodwill, and I may say that some of those here understand that this was not an unprofitable trip for me down to this country. I hope to be back in the summer time.

10.30 A.M. - COMMISSION ADJOURNED